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6 DECEMBER 1986

# West Europe Report

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6 DECEMBER 1986

## WEST EUROPE REPORT

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POLITICAL

PORTUGAL

# SECRECY SURROUNDS DEATH OF ANGOLAN EMBASSY EMPLOYEE

Lisbon EXPRESSO in Portuguese 4 Oct 86 pp 1, 24

[Text] The judicial police are investigating the circumstances surrounding the death last August of a security employee at the Embassy of the People's Republic of Angola in Lisbon, Venancio Luis (Gordurosa), as EXPRESSO learned from an official source.

The Angolan ambassador to Lisbon assured EXPRESSO that Venancio Luis had died in a Lisbon hospital, a cancer victim, showing us various documents (medical reports and a death certificate) attesting to his claim; but, nevertheless, strong rumors have been circulating about the possibility of the employee's having been a murder victim.

Information procured from several police sources and others associated with the Angolan community in Lisbon indicate that Gordurosa appeared to have died from strangulation at the bottom of the Tagus River, under the Almeirim bridge. Yesterday, the judicial police informed us officially that an "investigation" is under way in that police agency of the death of the Angolan citizen, Venancio Luis, which took place "at a Lisbon hospital," while the results of the required autopsy are being awaited.

The fact that this investigation process exists and an autopsy has been requested of the corpse has raised suspicions about the case, and lent some credibility to the rumors of the criminal origin of the death.

Venancio Luis was a long-standing cadre of Holden Roberto's FNLA, who was later "recovered" for the MPLA. He was also security chief for the RPA's former ambassador in Lisbon, Adriano Sebastiao; but he returned to Angola because of differences with the latter regarding the methods used in his defense. Later, he reportedly returned to Portugal at the order of the current diplomatic representative, Mawete Batista.

Meanwhile, the magazine AFRICA CONFIDENCIAL, published in Lisbon, reported Venancio Luis' death in its latest issue, in a section on "espionage in Angola" (see page 10), in which reference was made to various dismissals or transfers of personnel connected with the Angolan Embassy in Lisbon, linking them with "activities in the area of espionage."

In this connection, the ambassador claimed that the aforementioned changes had been due to "corruption problems," attributing to the magazine, with circulation limited to subscribers, the intention of damaging the good relations between Portugal and Angola with this report.

Mawete Batista said that, "AFRICA CONFIDENCIAL is banned from entering Angola, at a recent decision by the MPLA's 'politburo,'" because it is a publication "subsidized by Americans and South Africans to protect their interests."

The magazine's editor, Xavier de Figueiredo, who worked in Angola, told EXPRESSO that "it repudiates this claim, which is completely groundless and inappropriate." And he gave assurance that the bulletin that he edits "does not publish even 50 percent of what it knows about the activities of the Angolan Embassy in Portugal."

2909

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POLITICAL

PORTUGAL

# PROSPECTS OF SOARES-CAVACO SILVA RECONCILIATION DISCUSSED

Lisbon O DIABO in Portuguese 16 Sep 86 pp 10-11

[Article by Agapito Pinto]

[Text] At least until there is proof to the contrary, it seems that the so-called "flag war" arising out of the autonomous status of the Azores has ended. In assessing the prestige of the various sovereign organs, the Assembly of the Republic seems to have suffered the greatest losses, having provided a magnificent example of legislative incompetence, while the president of the republic made the greatest gains, having for his part won out over almost all sectors of public opinion. The government managed to emerge from this crisis unscathed despite the fact that it became obvious that the opposition parties were trying to blame it for the "concealment of information" which, they claimed, underlay the vote in the Assembly of the Republic. The situation of the cabinet was rather difficult as well, because it happened that the party represented there is the same as that which controls the regional government of the Azores. Mota Amaral came to the national PSD to ask for solidarity, and this could have created tension between the cabinet and the president of the republic. But the strategy of playing down the drama pursued by Cavaco Silva produced results, and at the National Council meeting last weekend, the PSD succeeded very skillfully in obtaining a consensus which reconciled solidarity with Mota Amaral and respect for, if not agreement with, the presidential veto.

## Soares' Peacemaking Role

It was in fact the president of the republic who gained from this crisis. All of the parties, from the PC to the CDS, recognized the propriety of his action, and Mario Soares must have particularly savored the fact that his decision was applauded by the right-wing sectors of Portuguese society, which have never forgiven him his involvement in the decolonization process. In a single stroke, taking advantage of this magnificent opportunity, Mario Soares succeeded in winning the armed forces over to his side. This is important if we recall that they had evidenced some signs of trauma because of the statements about the "demilitarization of Portuguese society" which began to circulate more frequently in connection with and following the first election of a civilian president within the current Portuguese constitutional system. This was a unique occasion, and Mario Soares profited from it. It should be



said, moreover, that this did not even seem very difficult, because the great mobilizing force which all of the affective elements related to the national community have is well known. Once again, Soares demonstrated that he is inclined to give priority to all aspects of consensus, all of those elements which strengthen the sense of national identity. And it is this, moreover, which a president of the republic should do, and it is in this light that some symbolic evidences of this action by Soares, ranging from the trip to Sagres to the "fairs" in Guimaraes, should be viewed.

Some observers and certain sectors within the PSD tend to view the president's action within the context of a competitive situation between the prime minister and the cabinet. An effort is made to determine who gained most from a given action, whose prestige rose and whose declined. Now if indeed this competition concept may make some sense, and it may be legitimate to measure the prestige of the various sovereign bodies in the polls published, the truth is that it is not always true that triumph for some necessarily means defeat for others. In other words, while it is true that the cabinet and the Assembly of the Republic are in direct competition one with the other and that the image of the government (given its minority nature) often improves in direct proportion to the decline in the image of the Assembly, the same is not true of the relations between the cabinet and the president. In fact, the "peacemaking" role oriented toward national consensus which Mario Soares has been playing provides one of the best kinds of aid the government could wish.

In fact, a minority government (which because of this very fact must necessarily find itself in situations of conflict with the Assembly of the Republic) could hardly survive a combat front with another sovereign body, in this case the Presidency of the Republic. But the situation has other aspects. With the strengthening of all factors in consensus and the encouragement of all signs of optimism, Soares is providing precious and basic aid to the government. And it is no accident that signs of courtesy and even some sympathy are to be seen on all sides.

This conduct on the part of Soares, apart from the fact that it may be the result of his understanding of what the actions of a president of the republic should be, is dictated by his goal of reelection. Soares certainly wants to be reelected, and he would like this to come about thanks to the "moderate" sectors in Portuguese society. Just recently, in a curious interview granted to L'EXPRESS, Soares once again proclaimed himself the European champion of anticommunism. And if the socialist vote is already a sure thing, it is not from the communists that he will seek support, but obviously, from a broad Social Democratic electorate, to which Soares will seek to avoid giving reasons for mistrust about his conduct as president. Thus, although he is seeking to avoid offending a sector of Portuguese society, Mario Soares was obviously concerned about eliminating the mistrust existing between himself and the voters who supported Freitas do Amaral, those in the PSD sector in particular.

The government understood this, and instead of entering into competition for first place in terms of prestige in the eyes of the public, it chose instead to take advantage of all the favorable elements resulting from the peacemaking

approach to the presidential role. And it is no accident that a number of cabinet members will be with Soares during his visit to Guimaraes.

This indirect support of the cabinet by Soares, which is to a much greater extent the result of the way he is performing his presidential duties than any explicit evidence of agreement, does however have some conditions and some limits. Soares is prepared to support Cavaco Silva because he knows that without an absolute majority, he will continue to need his support. The limit is to be found here precisely. If Cavaco Silva wanted to risk a bet on an absolute majority, the most probable thing is that Soares would cease to support him. We have then a situation in which Soares and Cavaco need each other, with the former seeking to create the conditions for his reelection, and the latter trying to establish the best conditions for his government function. This relative dependence tends to guarantee good relations. And the country, exhausted with such lengthy political crises and institutional conflicts, would like to see evidence of this understanding.

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POLITICAL

PORTUGAL

# POLITICAL POPULARITY POLL SHOWS WINNERS, LOSERS

Lisbon EXPRESSO in Portuguese 13 Sep 86 p 3

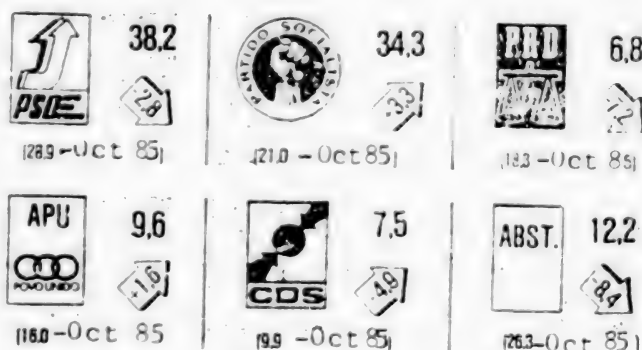
[Text] Four Points Between the PS and PSD

The PSD would again win if legislative elections were held, but it would also fail again to obtain an absolute majority by what would now seem to be a greater margin. The PS would confirm its place as an alternative party, clearly scoring above 30 percent, and only 4 points away from the Social Democrats.

Thus the September EXPRESSO-Euroexpansao panel survey confirmed the tendencies evident in the preceding months, above all the trend toward bipolarization.

With regard to the other parties, relative stability was seen in the number intending to vote for the APU, which has always come to between 8 and 10 percent, and the relative lack of definition on the part of the PRD and CDS voters was also confirmed. Those supporting these parties seem always to hesitate between maintaining their preference in October or voting for the PS and the PSD, respectively. In this month's poll, there was almost triple the number of statements of intention to vote for the CDS, while the PRD lost half of the votes indicated in August. The closer relation between the results for the PS and the PSD is due precisely to the deterioration seen for the PRD and the improvement for the CDS.

## September 1986 Voting Intentions



The poor score achieved by the renewal faction is likely to be related to the decline in the popularity of Ramalho Eanes. The "strategy of silence" this party seems to be pursuing will not, then, achieve great practical results.

#### Constancio and Eanes Lose Points

The political holidays in August were not at all favorable to the various opposition leaders, whose popularity declined across the board. Those who suffered most were Ramalho Eanes and Victor Constancio.

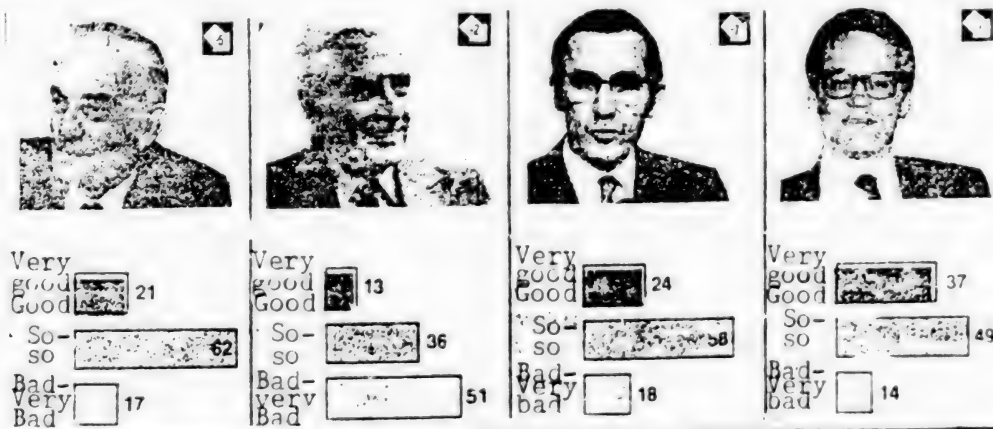
The former president of the republic, after having made a substantial advance last month, has now lost 7 points in the positive assessment of the panel, putting him in the worst situation ever.

The new secretary general of the socialists, after a boisterous beginning in which he came close to Cavaco Silva and scored better than Mario Soares, seems to be in a free fall. Last month he lost 5 points and this month 7 more. Although he continues to appear to be the best placed opposition leader, Victor Constancio will have to pay for what many regard as his first political error--having departed on holiday almost immediately following the congressional adjournment, leaving the public image of his party in the hands of secondary figures. However, the PS leader still has his leading trump--a very high standing among the voters for the PRD and the APU.

The assessment of the renewal faction voters is even more positive than that of the socialist voters.

In any case, the decline for Ramalho Eanes, along with that for Alvaro Cunhal and Adriano Moreira, confirms the bipolarizing trend among the voters which the slight recovery of the future leader of the PRD last month seemed to belie.

Alvaro Cunhal still has a very negative image, continuing to be the only political leader whose actions are criticized by more voters than approve of them. More than half of the members of the panel even termed them "bad" or "very bad."



The development of the prestige of Adriano Moreira continues to be a cause of concern for those who would like to see him confirmed as an alternative to the

right of the PSD. After having lost 4 points in August, Adriano lost another 5 in September. In only 2 months, this centrist leader was abandoned by a third of those who regarded his actions as "good" or "very good."

#### Cavaco Capitalizes on a Hot August

August was not by any means a politically peaceful month, being characterized by labor conflicts in the mass transport sector, by the polemic between the doctors and the minister of health, by the Pontal speech by the leader of the PSD and prime minister and, in its final days, the "flag war" about the content of the statutes of the Autonomous Azores Region.

The prime minister must have been the greatest beneficiary of all these political events. The positive evaluations of his actions went up 3 points, giving him even more outstanding leadership on the charts (he is now 9 points ahead of Mario Soares), while the negative evaluations dropped from 15 to 11. The positive balance overall went up from 36 to 43 points.

The Assembly of the Republic is at the opposite extreme, which is curious, because it was in recess. Nonetheless, its prestige has fallen again, 3 points in this case, with the positive assessment index remaining the same. Was this the effect of the criticisms made at Pontal? Or is it instead a reflection of how the different parliamentary groups have come to claim unanimous approval of a document--the Azores Statutes, which in the final analysis they do not agree on?

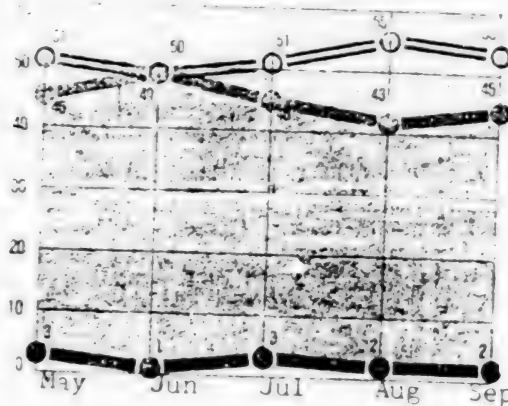
The activity of Mario Soares in August was divided between vacationing in the Algarve or on board the Sagres and action on the issue of the Azores symbols. The point at which the panel was consulted (between 1 and 4 September) makes it difficult to assess the effect of the veto which was announced on the night of the third (although it had been expected earlier). The evaluation of the president of the republic thus improved slightly, but less than that of Cavaco Silva, and the index of negative answers remained very low. There is one notable feature, however, when we analyze how the voters for the various parties assessed the activities of the president. In fact, while it is natural that the most positive assessment would come from the socialist voters, followed by the PRD electorate, the truth is that the Social Democrats and the centrists came next, and only then the communists. In other words, despite the fact that the votes of the latter were decisive for his election, it is they who are least satisfied with the political conduct of the president.

The deterioration of the image of the cabinet continued in August, and it again lost out in the positive evaluations of the voters, although it has now lost only 1 point. On the other hand, it saw the index of negative assessment reduced.

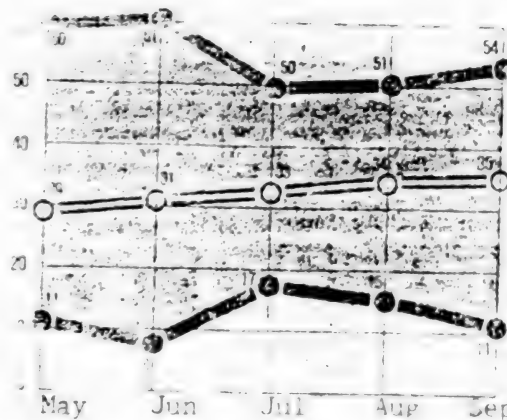
As was the case for the prime minister, the CDS voters were the most enthusiastic about the actions of the executive branch, with the communists being the only ones, at the other extreme, to make a negative assessment of its actions.

If the current trends continue, it will be no surprise if the index of positive assessment of the prime minister's action is soon the double of that pertaining to the cabinet, a clear indication of how the images of the two are out of phase. It is commonly said that the present cabinet comes down to the prime minister personally. However, the voters clearly distinguish between the two realities, and they seem to regard the leading cabinet official as blameless for the errors and exempt from the criticisms made of the executive branch as a whole--a whole which, in the view of the public, is deliberately "effacing" itself. In fact, in what other period have we ever seen such an intensive upsurge of strikes as last August without any subsequent statements being made publicly by the ministers, including on television?

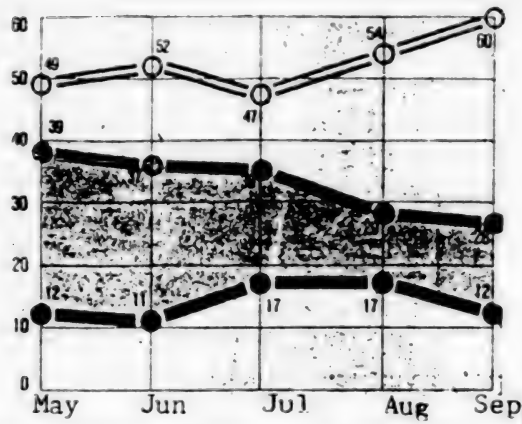
President  
of the  
Republic



Prime  
Minister

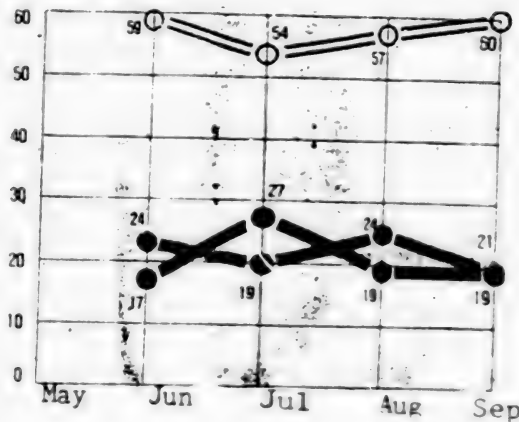


# Cabinet



● Very good ● Very bad ○ So-so ■ Positive balance  
 Red -Good Black -Bad

# Assembly of the Republic



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POLITICAL

PORTUGAL

IMPORT OF CUNHAL SPEECH ANALYZED

Strikes Possible

Lisbon SEMANARIO in Portuguese 13 Sep 86 p 6

[Article by Marcelo Rebelo de Sousa]

[Excerpts] September Events

Dr Alvaro Cunhal has been strangely silent. It was even feared that he had lapsed hopelessly into the Portuguese politicians' habit of regarding August as a holiday month unsuited to any serious statement, believable promise or trustworthy guarantee.

No such thing. Dr Alvaro Cunhal was awaiting the Avante Festival, which, all things considered, is perfectly understandable.

In the past, the Avante Festival was characterized by novelty, the freshness of the idea, the delight of coming to Lisbon, the festive atmosphere itself (and no one knows how to appreciate and cultivate these things better than the Portuguese).

Later, innovation turned into repetition, fewer foreign celebrities came, and the experience of Lisbon in 1980, 1981 or 1982 began to be monotonous as the festival became a tradition and a habit.

In Portugal, habit is disdained, not valued. Our fickle nation will overlook anything, excuse anything, except the mortal sin of developing and perpetuating habit. Above all in the Kafkaesque world of our politics and our politicians.

This is why the Avante Festival began as the political fad of September, only to end as a boring thing, something routine, a waste of effort.

The only surprise at the celebration, which by becoming compulsory had ceased to be festive, was the Messianic address by Dr Alvaro Cunhal. For on this matter, the people of Portuguese never tire--they always want more and better Messiahs. Both the left wing and the right.



Every year, Dr Cunhal comes down to the people, the embodiment of a died-in-the-wool proletarian, draws a veil of militant belief across his converts, and reads the stars.

#### Cunhal's Warning

For years on end it has been very stimulating intellectually to listen to Dr Cunhal and to "read" in his words the premonitory indications of much of what was about to happen.

The basic difference between today's "reading" and that of Dr Cunhal's speeches in the past is, however, worthy of some attention.

In the past, Dr Cunhal said exactly the opposite of what would probably happen (and we emphasized this a number of times between 1974 and 1980).

Now Dr Cunhal is more direct--he states specifically what he intends to do.

For the average militant, this is clearer. For the mass media, it is less ambiguous. And for the national political stratum, it is easier.

On this occasion, Dr Cunhal voiced a very serious warning to the government.

He emerged from the brief calm of a hot August, now past, to announce a new PCP campaign against Dr Cavaco Silva and his government. He even made it clear that this would be an immediate, clear and frontal effort with some likelihood of success.

Thus we see that, with a courteous month's notice, Dr Alvaro Cunhal has warned the executive branch that complex days lie ahead, in terms of political challenge.

#### The Labor Campaign

Having completed this first "reading," we must move on to a second, which also seems to us relatively easy.

What the PCP can do politically at the present time is not very much.

It does not have impressive parliamentary weight. It does not have the influence to sway other opposition parties which would enable it to emerge as the leader of any concerted party campaign.

It is losing ground in some traditionally strong areas, as the very controversial regular reports of the civil governors to the cabinet demonstrate.

Its only remaining resource, as a tool in this instance, is the trade unions.

What Dr Cunhal was seeking to announce for October was a real labor challenge, including, as an outstanding factor, recourse to the last resort--a strike.



The order has been given. It is thus a question, for the communist militants, led by the CGTP-IN trade unionists, of resuming the struggle launched toward the middle of August, rekindling the sacred flame and challenging the economic and social policy of the government.

#### Summer Intermission

We have already seen various strike methods, from the most imaginative to the simplest.

Something new was introduced this year, with a strike being suspended for the summer holidays. After claims of various sorts had been put forth, the strike lasted until the very eve of the summer holidays, which was also the moment when the self-financing capacity of the trade unions was on the brink of a breakdown.

When that moment came, everything stopped, yielding to a temporary truce.

This does not yet mean final victory, but it is a certain and wise step. Moreover, if the managers, frightened by the halt to their profits and rather insensitive to the logic of the labor campaign, made substantial concessions right at the outset, so much the better.

Then came the period of the summer vacation.

After a month and a half, it all began again--the demands, revised and improved, renegotiation of the temporary agreement, and resumption of the interrupted strike activities.

As an innovation, this was among the more clever maneuvers. We have both the stubborn persistence of the unions and the foresight and good sense of some worthy public administrators to thank.

#### Can It Last Four Months?

The PCP has already succeeded in this tour de force, unique since 1976, with the extension of the strike movement to August, with the PS and some UGT elements following up some initiatives.

In years of calm, everything has dragged until March and April. In turbulent years, the strikes have lasted until May or June. But never in memory until August. This took great discipline and much creativity, involving remote reasons and imminent pretexts, along with some aid from certain business managers.

What is being asked now is whether Dr Cunhal and the PCP are strong enough to continue the labor campaign for a whole quarter of a year.

This would involve strikes launched in October and still on the agenda when the parliamentary debates on the 1987 budget end--the same strikes or others.

For beginning in December and January, it is the season of the chronic mass transportation disputes.

Linking the October strikes to those early in 1987 would represent a great political dream, one which would match the threat in Dr Alvaro Cunhal's speech.

Let us see if the objective and subjective requirements for the realization of this dream exist.

#### Solidarity with the Government

Having carefully "read" the prophetic message of the charismatic leader of the PCP on the occasion of the launching of the political year, it is important to make it clear how important it is to crush this opposition strategy.

It is necessary to guarantee that the innovation of suspending strikes for a summer intermission does not become a lasting fashion.

It is necessary to ensure that the autumn escalation, far from being successful, proves a resounding communist failure.

It is necessary to close ranks with the government of Dr Cavaco Silva against a campaign which does not work to the benefit of Portuguese democracy, does not stabilize our community life, nor does it promise a happy future for anyone.

It is necessary to avoid any confusion between the legitimate demands of labor and the political maneuvers which are remote-controlled by the PCP and announced at the Avante Festival.

If there is anyone who refuses to endorse this immaculate and unblemished vision of salvation put forth by Dr Cavaco Silva, it is we.

If there is anyone who has insistently questioned this government about how so many can live off the political capital of a single man, it is we.

If there is anyone who prefers the solitude of critical freedom to easy unanimity with a leader regarded as unchallengable, it is we.

And so we will continue, whatever it may cost certain courtiers of the regime. Governments come and go at a rate much faster than that of the birth, life and death of those who must assess them calmly and dispassionately. But for this very reason, we find ourselves compelled to say that if there ever was a time when it was important to assure the government of clear, evident and conscious support, it is now. Because of Dr Cunhal's solemn warning.

For every conceivable reason--because it comes from Dr Cunhal; because it is the strategic order of the day for the PCP; because the labor struggle must not be manipulated by the communists; and because the PCP must never lead the opposition to the government.

And because healthy alternation in power requires that the PCP experience a decline, and in no case an increase , in the future.

And because the government and this prime minister are for the present and the near future, in relative terms, the best solution for Portugal.

And because Dr Cavaco Silva deserves to be given much more time and experience in order to govern Portugal.

For all of these reasons, and for yet another. It is because the communist strategy is designed to push the government to the wall socially, while at the same time, politically, drawing Dr Cavaco Silva into the arms of General Eanes, in order to limit his independence and deprive him of his freedom of action.

But this is another story, the analysis of which can well wait a week.

#### Festival Analyzed

Lisbon SEMANARIO in Portuguese 13 Sep 86 p 10

[Editorial by Paulo Portas]

[Excerpts] Every year in September, the Communist Party calls for a general mobilization. Not a single cell is left without an assignment. And all of this, obviously, adds up to the Avante Festival.

Rarely has the question as to why the Communist Party pursues this undertaking been asked. With its impressive liturgy for the masses and the spectacular performance put on by the apparatus, the Avante Festival is a political fact of the first water in the hierarchy of communist productions. The communist comrades are not much given to sentiment, nor do they often let themselves be used. Unfortunately, the Communist Party does not produce useless things-- what it does it does for its own reasons. And thus the motives for Avante Festival must be something else. And they make sense from the communists' point of view.

The Avante Festival is a production designed to sustain several fictions. Internally it serves to provide the comrades with an imitation of an open society. And it also plays an external role by erasing from the public mind the very accurate concept of the Communist Party as a closed society. But the Avante Festival does even more. Organized as a cultural phenomenon, it enables the communists, on an annual basis, to claim ownership of and imply a monopoly on intellectual creativity and diversions of the mind. This is indeed an achievement, because no one doubts that if it could, the party would limit freedom, internalize disputes and control the thinking of others. On the other hand, viewed as a mass event, it provides the communists with a mass turnout which appears to be an evidence of strength. This is another achievement, since the party espouses an extremely decadent ideology. And there is still more to be said. The Avante Festival is conceived as a demonstration of a style of life in which there is boundless joy. This achievement touches on the perverse, because the real party is the most

tedious in the world, and its methods are those of the Berlin Wall. Finally, and this is the supreme irony, the Avante Festival is designed to seduce the young. And this is an achievement, because there is no contemporary evil as archaeological as communism. Reduced to a single concept, the Avante Festival gives the Communist Party the advantage of appearing to be the exact opposite of what it is. This kind of achievement is commonly called a lie of genius. The only thing the Avante Festival lacks is that most problematical element of character called truth.

5157

CS0:3542/4

POLITICAL

PORTUGAL

BRIEFS

ROSA COUTINHO PROSECUTES MERCENARIES--On Tuesday in a Lisbon court, there will come to trial a suit brought by Coteco (the Sosa Coutinho company) against two Portuguese pilots recruited by it who refused to carry out their mission in Lobito, instead of Luanda. The two pilots, both former members of the military, were recruited by Coteco as airplane and helicopter instructors. According to a report in AFRICA-CONFIDENCIAL, of the 32 Portuguese military men recruited by Coteco who were in Angola (with an average monthly salary of \$2,400), over 20 came into conflict with the Rosa Coutinho company under various circumstances, ranging from material damage to attempted operational involvement. At present, there are only 12 members of the Portuguese military hired by Coteco remaining in Angola. It is noteworthy that the admiral failed to be received in Luanda with the former courtesies, namely, his lodging in an official residence. [Text] [Lisbon SEMANARIO in Portuguese 4 Oct 86 p 64] 2909

CSO: 3442/22

POLITICAL

SPAIN

# MELILLAN LEADER REPORTEDLY MEETS MOROCCAN MINISTER

Barcelona LA VANGUARDIA in Spanish 10 Oct 86 p 14

[Article by Miguel Gonzalez]

[Text] Duddu is prepared to leave his post as adviser to the Interior Ministry if his freedom of movement and action is restricted as the leader of Melilla Muslims. He returned early yesterday morning to Melilla from Rabat, where he met with the Moroccan interior minister unbeknownst to Spanish authorities.

Melilla--In statements to this paper, Duddu declined to confirm "or deny" the meeting that, as LA VANGUARDIA has confirmed from reliable sources, he held with the Moroccan interior minister, Dris Basri, in Rabat. He did acknowledge, however, that he has had "informal" contacts with "high-level officials" in the Moroccan Government.

Duddu traveled last week to Melilla, where he crossed the Moroccan border in the company of the highest religious authority of Melilla Muslims, Sidi Driss. During the week that he spent in the kingdom, he visited the cities of Casablanca, Fez and Rabat.

Duddu stressed the "private" nature of the visit, which he made as leader of Melilla Muslims, not as an adviser to the Spanish Interior Ministry. His main purpose was to explain "directly" to Moroccan authorities that his group "is struggling for our social, cultural and religious rights, independent of the conflict between Spain and Morocco."

He was thus trying to counter the views expressed in some Moroccan media that have accused the Melilla Muslims of being "traitors" for claiming Spanish citizenship. According to him, the meetings were "very positive," and his hosts were receptive to his arguments and at no point asked him how he felt about the sovereignty of the Spanish enclaves in northern Africa.

The Melilla leader declined to say clearly whether he had informed the Interior Ministry about his contacts with Moroccan authorities. The Spanish Government was not aware, at least, of his meeting with Hassan's minister, which was arranged after Duddu had started his trip and at his request. Duddu did not contact any accredited Spanish diplomat in Morocco.



## Ministry Remains Silent

For its part, the Interior Ministry remained completely silent on the issue yesterday. Its spokesmen merely indicated that Duddu had requested permission to travel to Morocco for family reasons and that the date of his return was not known.

When asked about the understandable displeasure that his contacts with Moroccan authorities have caused, Duddu told LA VANGUARDIA that when he accepted the government post, he did so on the condition that he would continue to discharge his functions as leader of Melilla's Muslims and that as such "I can meet with anyone I deem appropriate."

Duddu asserted that he is prepared to leave his post in the Interior Ministry as an adviser on the Muslim minority if an attempt is made to restrict his freedom of action. The Muslim leader is supposed to be back at his Madrid office next week.

Separately, the Popular Alliance Group has asked Duddu to come before Congress to explain his area of responsibility in the Interior Ministry and how the funds that his post has been allocated are being spent, EUROPE PRESS has reported. Duddu has been asked to appear along with many other high-level officials whom the parliamentary blocs are calling in as they debate next year's national budgets.

8743

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POLITICAL

SPAIN

## POWER STRUGGLE IN AP WIDENS

Madrid DIARIO 16 in Spanish 5 Oct 86 p 6

[Article by Jorge Fernandez and Rafael Quintero]

[Text] The battle to end Manuel Fraga's leadership, which has so far cost Verstrynge and Ruiz Soto their jobs and entailed a lawsuit for Olarra, has spread the crisis in Popular Alliance (AP) to the provinces, according to the dissident [critico] faction. Congresses have been or will be held in 10 of them before January to elect new presidents. Meanwhile, they are being run by caretaker committees. The assistant secretary general, Jose Maria Aznar, who was in charge of policy for the autonomous communities, has submitted his resignation to Fraga, taking it for granted that the party will suffer a disaster at the polls.

Madrid--The ideological confrontation between the so-called critical faction and the official machine, along with the personal battle for control of the local apparatus, has spread the crisis besetting AP into the provinces.

In 10 of these provinces regular and special congresses have been or will be held to assess the situation and elect new provincial presidents. Until now these provinces have been operating under provisional committees.

Congresses were held last week in Cuenca and Cadiz and are scheduled from now until the end of the year in Cantabria (1 December), Cordoba (19 October), Malaga (29 November), Orense (19 October), Santa Cruz de Tenerife (12 December), Valencia (13 December) and Zaragoza (29 November). Mario Amilibia has been named president in Leon under powers provided for in the bylaws, and the congress in Alicante has not yet been scheduled.

### Calero's Version

The outcome of these congresses could change the balance of power between the two factions vying for control: the machine and the dissident faction. Nevertheless, Verstrynge's withdrawal from the party sometime in the coming weeks could prompt his followers to leave AP as well.

Sources in the dissident faction have told this paper that they have a strong presence in the provinces of Burgos, Albacete, Pontevedra, Cuenca, Santa Cruz

de Tenerife, Valladolid, Alicante, Valencia, Malaga and Cantabria. The last four are about to hold their congresses. In the opinion of the party's assistant secretary general and head of organization, Juan Ramon Calero, "the main reason for the tensions in certain provinces is the slates at the last general election."

"Because of the pacts with our coalition parties, we had to keep key party men in the provinces out of the top spots. This gave rise to resignations and conflicts, which we will soon resolve at the congresses scheduled from now until the end of the year."

What happened in provinces such as Alicante, Valencia, Zaragoza and Cuenca confirms Calero's assertions. In Cuenca, Javier Ruperez from the PDP [People's Democratic Party] headed up the slate, and when the Popular Coalition won only one seat, AP was left without a representative from this province in Congress. Pedro Saugar, the Cuenca president, resigned immediately.

The same thing happened in Alicante with the PDP's Juan Rovira Tarazona. The provincial president of AP, Jose Cremades, was excluded from the congressional slate, ran for the Senate, did not win a seat and stepped down.

In Valencia, Cantabria and Zaragoza it was the party men sent from Madrid (Angel Sanchis, Alfonso Osorio and Jose Ramon Lasuen, respectively) who prompted the resignation of the provincial presidents.

This explanation of AP's provincial crisis is not shared by the dissident faction, which says that the roots of the confrontation go back several years. "This is at least what has happened in Zaragoza, Valencia, Cuenca, Alicante and Santa Cruz de Tenerife."

"The main cause," they told DIARIO 16, "is the excessive intervention of the central machine in everything that goes on in the provinces. Fraga is the one who makes the decision in all cases, even the minor ones."

The dissidents also justify their split with the party machine "because of the rightward drift of its main leaders." As far as this faction is concerned, the clearest example is the appointment of Alberto Ruiz Gallardon as AP secretary general.

#### Aznar Steps Down

The worsening situation in the provinces after the 22 June elections led the party's territorial policy chief and assistant secretary general, Jose Maria Aznar, to submit his resignation in a personal letter that he sent to Manuel Fraga on 8 July.

Aznar, who headed up the Avila slate, received only 29.48 percent of the vote, while Rodriguez Sahagun from the CDS [Democratic and Social Center] garnered 41.38 percent.

Popular Alliance was down 5,000 votes and 4 percent from the 1982 elections, whereas the CDS did 20,000 votes better.

In his poignant letter to the AP leader, which DIARIO 16 has seen, Aznar wrote 2 weeks after the elections that "after devoting many years to the party's local and autonomous community policy, I have come to the conclusion that my efforts in this field are exhausted and that it would be a good idea for other people with new ideas to devote themselves to this matter."

"I lost the election in Avila and have pursued the wrong policy, and there is just one person responsible for those failures, and I am that person. I earnestly request of you that I be relieved as assistant secretary general, regional president of Castile-Leon and chief of autonomous community and municipal policy."

8743

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POLITICAL

SWEDEN

## NEW IMMIGRATION MINISTER ANDERSSON PLANS OPEN REFUGEE POLICY

### Newspaper Interview

Stockholm DAGENS NYHETER in Swedish 8 Oct 86 p 8

[Article by Kaa Eneberg: "A Loyal Working Ant"; first paragraph is DAGENS NYHETER introduction]

[Text] "In a job such as that, one naturally always needs a conscience. I am strongly aware of that, and I considered that carefully before I accepted Ingvar Carlsson's offer of the post of Minister of Immigration."

This was said by Georg Andersson, Social Democrat member of the Riksdag and newly elected chairman of the Christian Brotherhood Movement, in a conversation with DAGENS NYHETER before he was promoted as the new minister of immigration on Tuesday.

As one of his first tasks the new immigration minister expects to contact the head of the National Immigration and Naturalization Board, Thor Palmlund, because of his statement to DAGENS NYHETER that Sweden cannot receive more refugees.

"I will speak with him myself about what he said. What he probably meant was that more municipalities in the country should open themselves to receive refugees," said Andersson, who admits that he is surprised at Palmlund's statement.

### Major Commitment

Georg Andersson from Lycksele said in his calm Norrland accent, as he sat in the Riksdag hall and waited for his promotion, that he had not worked much with immigration questions.

"But I have always had a strong personal commitment on refugee and immigration questions. In the Brotherhood Movement we have also always discussed these questions."

6 December 1986

He said that he is glad that his home municipality decided some years ago to receive refugees. Personally the Andersson family has worked as a so-called contact family for two refugees at that place.

As a member of the Riksdag Georg Andersson has been mostly occupied with culture and education matters, and he was also a strong candidate for the post of minister of education. He was on a study trip with the Education Committee in Shanghai last week when he received the prime minister's offer.

"I surely wondered about it a great deal, since it meant an adjustment for the entire family. It is undeniably a tough job," said Georg Andersson.

#### Working Ant

Georg Andersson became 50 years old in March, and is educated as an elementary school teacher. He was chairman of the county council at home in Lycksele, and at the same time held the job as member of the Riksdag, to which he was elected in 1971.

He is one of the working ants of the Riksdag, and is known for his great party loyalty.

#### Andersson Addresses Youth Conference

Stockholm DAGENS NYHETER in Swedish 18 Oct 86 p 12

[Article by Kaa Eneberg: "Debut for Minister of Immigration; 'Hatred of Foreigners Grows Out of Fear'; first paragraph is DAGENS NYHETER introduction]

[Text] Strangnas. Much of the animosity toward foreigners which we know exists in Swedish society is more related to fear and anxiety than with any deep-seated repudiation of all those who are not Swedish-born.

This was said by Minister of Immigration Georg Andersson at a conference in Strangnas on Friday. It was the first real meeting of the new immigration minister with organized "immigrant Sweden."

A certain watchful tension also preceded the natty cultural politician's first appearance in a somewhat tentative speech of welcome which was clearly marked by Andersson's Christian commitment to the roots of the Social Democratic Christian Brotherhood Movement. Last summer Georg Andersson became chairman of the brotherhood which diligently used to criticize the government's immigration policies.

During the past year the government has had several meetings to discuss growing animosity toward foreigners. But at Friday's meeting in a conference center in Strangnes there were primarily youth organizations of different kinds invited.

Among the more than 60 participants from all the political youth organizations except the Conservative Youth Organization and immigrant organizations there

were groups less accustomed to conferences such as BSB (Keep Sweden Mixed). BSB was represented by two punk girls, 18-year-old Lina Bergquist and 19-year-old Gorel Sonderland from Sollentuna. Two years ago they began fighting the racist graffiti in the subways, and surprisingly they suddenly found themselves leaders of a group with over 400 members.

"We now believe that we have put a stop to the graffiti in Stockholm, so we must continue to help with the work against hatred of immigrants," said Lina Bergqvist.

The happy young women with spiked punk hair told DAGENS NYHETER that they were going to paint out graffiti in Strangnas after the conference, since that beautiful Lake Malaren town is the center for the National Nazi Party NRP.

BSB has grown surprisingly fast, and finds itself now in a state of unstructured chaos administered from Gorel Sonderland's girls' room.

#### Crude Joke

The conference quickly settled into group work after Georg Andersson's short speech. But before that Jonas Widgren, Undersecretary for Immigration Questions since the minister post was filled ten days ago, warned the youthful conference participants against change in former taboos, which happens slowly.

"In West Germany they tell the same raw jokes today about the Turks that they used in the Nazi days against the Jews. It is dangerous when a taboo is used in that way," said Widgren, although he did not want to give an example of a racist joke used in Sweden.

Instead the conference participants heard and evaluated them performed by the Fenix Theatre Group of Orebro. There they saw participants led by immigration "bureaucrats" in shirt-sleeves happily leaping around and acting in various everyday situations in a way which would give good cause for conflict between Swedes and immigrants.

#### Many Fronts

Georg Andersson, who later in the evening dined with the conference participants, said, as did his predecessor Anita Gradin who was popular among immigrant organizations, that the fight against animosity to foreigners must be fought on many fronts, with political work, but primarily by the people themselves. It cannot be eliminated by government or legislative action.

9287

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POLITICAL

SWEDEN

EDITORIAL EVALUATES CARLSSON'S NEW RIKSDAG APPOINTMENTS

Stockholm DAGENS NYHETER in Swedish 8 Oct 86 p 2

[Editorial: "Carlsson Rearranges the Furniture"]

[Text] The shifting of seats by cabinet ministers is really the only news in Ingvar Carlsson's second government proclamation. Svante Lundkvist is being pensioned after 15 years in the government, and thereby is leaving space for the formation of a Ministry of Environment and Energy under the leadership of Birgitta Dahl. Mats Hellstrom will have responsibility for a reduced Ministry of Agriculture, and Ulf Lonnqvist will be the Minister of Sport and Tourism; he will also take care of youth questions in the Ministry of Education. Anita Gradin is taking Hellstrom's place as Minister of Foreign Trade, and immigration questions will be taken over by the current chairman of the Education Committee, Georg Andersson.

The reorganization of the government can be seen as a confirmation of Birgitta Dahl's growing importance. She will now have her tasks assembled in her own ministry, and she is thereby given a stronger position toward her government colleagues as well as outside pressures. Dahl is definitely one of the government's assets, and the organization of the cabinet has now been adapted to her area of responsibility. The combination of environment and energy in the same ministry creates both hopes and fears; in the best case it can bring about increased integrity toward power companies and other producer interests. But as the Minister of Environment with dominant responsibility, Birgitta Dahl must also be able to intervene in matters which are dealt with within the Housing and Justice Ministries, among others.

It would be a mistake to interpret the moving of Mats Hellstrom as a demotion. He is now the head of a department, and responsible for matters of great economic and environmental importance, such as surplus production in agriculture and the level of cutting in the forests. As Minister of Foreign Trade, Hellstrom functioned as a devoted travelling salesman which, at least in the case of the export of weapons to Indonesia, fits poorly with his leading role in the Peace Forum of the Labor Movement. That he is moving to more earthly chores can prove to be his salvation as a Social Democrat politician. The naming of a special minister for sport and tourism within the Ministry of Agriculture on the other hand appears uncalled-for, except that Ulf Lonnqvist has waited a long time for his turn.



The choice of Anita Gradin as Hellstrom's successor is more surprising. It has been well known that Grandin desired to leave the pressing surroundings which resulted from the post of immigration minister, partly because she did not have sufficient support in the administration to carry out an open refugee policy. Ingvar Carlsson instigated the nomination through Anita Grandin's documented interest in international questions, which, however, did not include trade. Except possibly for the matter of export of weapons, she will not have the freedom to exercise her social and human rights beliefs as foreign trade minister, but instead she appears to be filling a vacancy in Carlsson's reorganization.

In Georg Andersson the Christian Social Democratic Brotherhood Movement is getting back a representative in the government; previously the only one was Bertil Zachrisson. It is conceivable that Andersson has the ideal attitude which makes him appropriate for the post of Minister of Immigration--his other attributes for the post are not known. He is a rector by profession, and has been politically active in the culture and education sector. The risk is obvious that the unprepared George Andersson will have an even more difficult time than Grandin in defending refugee policies against demands for further restrictions. However he can concentrate on this task, as questions of equality will go over to Anna-Greta Leijon.

As we have seen, bold strokes are absent in the reorganization of the government. There is hardly any political renewal in the personnel changes, nor can Birgitta Dahl's new department achieve such possibilities. For its part, the government declaration brings no news except for carefully precise mention of the quality of life. That can, however, be seen as Ingvar Carlsson's personal contribution, which in the best case means that the government is going to place heavy emphasis on environmental questions.

It is positive that the government now definitely appears to have rejected the concept of a strong defense "according to our circumstances"; Now the defense ("the total defense") will be "strong and comprehensive." It is not difficult to see a connection with the government's striving for political unity before next year's defense decision.

Otherwise there is mischief in the outstretched hands of this fall's government declaration. The one-time tax will come first among the measures which according to the government are required for more just distribution. Both the government and the opposition are headed for conflict on questions about which the blocs differ. The pattern of politics appears to be returning to the old and habitual ways.

9287

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POLITICAL

TURKEY

#### COLUMNIST VIEWS USSR IMPERIALISM

Istanbul TERCUMAN in Turkish 23 Sep 86 p 5

["Corner" column by Ergun Goze: "Baltic Republics, Turkish Republics"]

[Text] At a recent conference on Soviet-American relations, a dispute arose between the Russian and the U.S. delegates. The dispute was over the Baltic republics. The Baltic republics are: Estonia, Latvia and Lithuania.

#### U.S. Position on Baltic Republics

According to the Americans, these republics are under the occupation of the Russians. John Mallock, the U.S. delegate at the said conference, said in a speech before an audience of 2,000 that the United States does not recognize this occupation diplomatically and that it has not acquiesced to this fait accompli. Several other speakers also used this occasion to condemn Soviet imperialism.

#### Soviet Position on the Issue

The Soviet delegates at the conference refuted these charges and described them as "sheer provocation." Vitali Zurkin, the deputy head of the Soviet Academy of U.S. and Canadian Studies and one of the Soviet delegates, said that Soviet regimes were set up in these republics in 1917, that they were later seized by bourgeois governments and that the peoples of these republics opted for socialism and elected socialist leaders in 1940.

#### What Is the Truth?

In Estonia, whose past is representative of the history these three republics, the events took place as follows: On 12 April 1917 Estonia won its independence. However, in December of the same year it was invaded by the Bolsheviks. Lenin expelled the barons of Estonia. At the invitation of the barons, the Germans occupied Estonia. In March 1918, Lenin conceded Estonia to the Germans. But the allied powers did not permit that and attacked the Germans, and the Russians rushed to reoccupy Estonia. The Paets government was successful, and the great powers recognized Estonia in 1921. While the country had a parliamentary regime at the beginning, a dictatorship was set up

as a result of continuous provocations by the Bolsheviks. Democracy was restored in 1937. To defend itself against Soviet imperialism, Estonia signed treaties with its neighbors and Finland, reached a nonaggression pact with the Russians and entered the League of Nations. However, this nonaggression pact notwithstanding, the Soviets demanded the surrender of the naval bases of Dago, Osel and Paldiski from Estonia. The Red Army entered Estonia to take over the bases but occupied the entire country. About that time, the Soviets had signed an agreement with the Germans and had occupied half of Poland. The communist party, until then unknown in Estonia, won the elections held under the supervision of the Red Army. But when the Germans declared war against the Soviet Union, they occupied Estonia, Latvia and Lithuania. The Soviets reoccupied these countries after the Germans were defeated; they exiled the local population to Siberia on grounds that they had collaborated with the Germans and annexed the three countries to the Soviet empire. Since then these three countries are Soviet Socialist republics.

### Sincerity of the Sides

The Soviet contention that the "Baltic republics opted for socialism and elected socialist leaders" is a disgrace. But the Soviets repeated this disgrace in Afghanistan 40 years later and earlier in Hungary and Czechoslovakia, and they will certainly repeat it in the future whenever the opportunity presents itself.

But are these recent protestations by the Americans sincere? They are not. Because if they were, they would not abandon these three republics to the Russians at the end of World War II. Because at that time the Russians did not have an atomic bomb. Then why is the United States rekindling this issue today? Firstly, to appease voters of Baltic-origin who have settled in the United States. Secondly, the Soviet Union is trying to expand its red empire into Central America where it has satellites like Cuba. So the United States is "riposting" the Soviets by resurrecting their old sins. Moreover, the United States wants to squeeze the Soviets into a corner in the current clamor over the summit and disarmament. In other words, the two superpowers are dancing over the corpses of oppressed nations, while the entire world remains unaware of this tragedy, this hypocrisy and this flagrant repression. Where is justice? Where is law? Where are human rights? Where is fairness? Where is help for the weak? Everyone is dyeing his own yarn.

### What About Our People?

What is our Foreign Ministry doing? What are the other institutions of the government doing? Is anyone talking about these Baltic republics? Does anyone know about them? If this issue has not been as well publicized as Turkey's leftists have expounded about Cuba and Chile, then we are faced with a major threat. How are we going to explain Soviet imperialism and to whom?

Because in our country there are still people who say: "The Soviets are not occupying Afghanistan. At best, one may talk about the Afghan revolution."

Despite the destruction of hundreds of thousands of Turks by the Soviets and their cooppressors, the Bulgarians, we are still having sports events with them. It is as if we are saying: "Well done; do it again."

What about the Turkish republics the Soviets have swallowed--the republics which Lenin swallowed and Stalin digested? Is anyone thinking about them?

9588

CSO: 3554/38

POLITICAL

TURKEY

# COMMENTARY ON GREECE'S EAST EUROPEAN POLICY

Istanbul TERCUMAN in Turkish 21 Sep 86 p 4

["Commentary" column by Professor Fahir Armaoglu: "Greece's Endeavors"]

[Text] Greek Prime Minister Papandreou's policy toward Turkey took an interesting form in 1986. Judging from the point this policy has reached today, the general pattern of Papandreou's Turkish policy of the last 5 years can be described as "from right to left."

Since the day Papandreou assumed office, Turkey has been the dominant factor in Greece's foreign policy. Greece's Turkish policy has in its turn been dominated by the portrayal of Turkey as an "enemy" and allegations that Turkey "is threatening" Greece and that the threat to Greece is from the "east." Papandreou used these recurrent themes in negotiations with the United States and NATO and tried to isolate Turkey in the West. At the beginning both the United States and NATO found these allegations "sincere" and tried to "pacify" him. But when Papandreou raised his voice even higher after he was emboldened with the success of his posture, the U.S. and NATO response turned into one of "weariness."

In response, Papandreou turned away from NATO and took his anti-Turkish endeavors to the Council of Europe [COE] and the EEC. Because the rebirth and the restoration of democracy in Turkey and the consequent gradual development of a favorable environment toward Turkey in the two European organizations drove Papandreou into panic, his attempts to block Turkey's return to the COE failed, and Turkey was fully admitted to these two European organizations. In other words, Papandreou has lost his battle in these two forums.

Papandreou is now concerned about Turkey's efforts to revitalize, to reinvigorate and to strengthen its relations with the EEC. Consequently, he has now directed his efforts to exclude Turkey from Europe to the EEC. The meeting of the Turkish-EEC Association Council meeting in Brussels on 16 September shows how determined Greece is in these efforts. However, Turkey has won the first round.

The positive settlement of Turkey's relations with these two major European organizations must have frustrated Papandreou's efforts in this direction,

because now he has moved further to the left; by hugging and kissing with communist countries and by provoking communist countries against Turkey, he is seeking their support for his bankrupt policy. Papandreou signed a nonaggression pact with Bulgaria on 11 September. According to this pact, which is openly aimed against Turkey, in the event of a threat to any of the two signatories, their governments will begin immediate consultations to neutralize the threat. Then what? Is Bulgaria going to send troops to Greece? That is how absurd it is.

Now, East Germany has appeared on the scene. During Greek President Sartzetakis' visit to East Germany on 15 through 19 September, East German President Honecker—who displayed his ignorance by describing the Aegean as a Greek lake—guaranteed Greece's territorial integrity. Against whom? Against Turkey, of course.

Apparently the next step Papandreou will have to take to ensure the success of his anti-Turkish policy is to join the Warsaw Pact. Because that is where his course is leading.

9588

CSO: 3554/38



POLITICAL

TURKEY

## NATION URGED TO PURSUE DRIVE FOR MEMBERSHIP IN EEC

Istanbul TERCUMAN in Turkish 22 Sep 86 p 4

["This Is Earth" column by Zafer Atay: "Fairy Tales for Adults"]

[Text] Some notable narrators of fairy tales have cropped up in our country in recent years. These people tell "bogeyman" stories for adults. All of them are intellectuals. They write columns in newspapers and lecture in universities. Their mouths, though, are filled with clutter. Everything they talk about ends with warnings that the West will swallow Turkey. They also have magic formulas. Some insist that Turkey must withdraw first from NATO and then from the Council of Europe in order to be "fully independent and democratic." It must also forget about the EEC. According to these people, Turkey must establish closer ties with socialist (communist) countries.

There are others who say that we can turn to the Middle East--of course on condition that we break away from the Christian West, forget the EEC, withdraw from NATO and kick out the Council of Europe. According to our contemporary narrators of fairy tales, these formulas are our only courses of salvation.

The fairy tale narrators have recently begun talking about the EEC at a time when Turkey has begun normalizing its relations with the EEC for the first time in the last 6 years.

A "conditional green light" was given at the Turkey-EEC Association Council meeting in Brussels. In other words, Turkey was told the steps it must take before applying for "full membership."

The EEC is neither a monster nor a trap set by those who want to swallow Turkey as the "narrators of bogeyman stories" allege. The membership of the EEC has risen to 12. These 12 members are Europe's free and democratic countries. The community's economic power has reached a level where it can compete with the two superpowers, the United States and the Soviet Union. Turkey is allied with these countries in NATO. It also sits with them in the Council of Europe. Most of Turkey's technological trade is with the EEC. The Community also commands a major share of Turkey's exports and imports. Moreover, since the 1950's Turkey has been an "associate member" of the EEC.

During the 2000's Europe will be fully integrated. Borders will be removed, and a single currency will be used. Citizens of the member countries will

carry a single passport. Everywhere around the world, differentiations will be made between those who are in "United Europe" and those who are not.

The EEC does not admit everyone who applies. In other words, these countries do not have motives such as "let us admit and swallow Turkey" on their minds. On the contrary, there are several parties who are working to block Turkey's membership. Greece, in particular, wants to keep Turkey weak economically and diplomatically by keeping it out of the EEC. There are other members of the Community who do not want to admit among themselves a Turkey with a population of 51 million--of which 60 percent are young--and endowed with fertile lands and untouched underground riches. It is obvious that a Turkey which remains outside United Europe will be exploited much more easily. There are of course "fanatical Christians" who say "what business does Muslim Turkey have among us."

In sum, Turkey will enter the EEC by forcing itself in. Of course this will not be easy. Everyone will be forced to straighten out his affairs. Those who manufacture low-quality products, those who evade taxes, those who make billions from customs fraud and those who make a living by imaginary trade will be rubbed out. Because in the EEC nobody will be allowed to play basketball in the football field. Naturally, the politicians will also have to watch themselves. They will have to avoid postures that may cause the degeneration of democracy. Because only free and democratic countries have a place in the EEC. We have before us a obstacle course which runs into the 2000's. We are obligated to open up that road while maintaining our dignity. Let us not pay attention to the narrators of fairy tales.

9588

CSO: 3554/38

## PROFILES OF WINNING MEMBERS OF PARLIAMENT

Istanbul MILLIYET in Turkish 29 Sep 86 p 6

[Text] Husnu Dogan (Istanbul 6th District, Motherland Party [MP])

Dogan was born in Malatya in 1944. He is a graduate of the Malatya Lycee and the Civil Engineering Department of the Middle East Technical University [METU]. He worked in the State Planning Organization [SPO], the Ministry of Food, Agriculture and Animal Husbandry and the Soil Products Office. He also worked in the private sector as a consultant, director general, board member, coordinator and department head. After the 1983 elections, he was named Minister of Agriculture, Forestry and Village Affairs in the Ozal government as an extraparliamentary cabinet member. Dogan, who speaks English, is married and has two children.

Vahit Halefoglu (Ankara, MP)

Born in Antakya in 1919, Halefoglu is a graduate of the School of Political Sciences. He is a retired ambassador. After the 1983 elections, he was named Minister of Foreign Affairs in the Ozal government as an extraparliamentary cabinet member. Halefoglu speaks English, German and Arabic. He is married and has two children.

Erdal Inonu (Izmir, Social Democratic Populist Party [SDPP])

Inonu was born in Ankara in 1926. After completing his elementary, middle and high school and college education in Ankara, he went to the United States. He earned a doctorate in physics from the California Institute of Technology. He returned to Turkey in 1952 and began to work as a graduate assistant at the School of Science of the Ankara University. He conducted research work in the United States from 1957 through 1960. Later he returned to Turkey and accepted an appointment as a professor of physics at METU. After leaving METU he worked as a physics professor at the Bosphorus University between 1974 and 1983. In May 1983, he resigned from the Bosphorus University to form a social democratic party. Soon afterwards, he formed the Social Democracy Party. The party was given corporate status on 6 June 1983. The National Security Council vetoed Erdal Inonu and 20 of his colleagues 17 days after they had formed their party. On 17 December 1983, he was reelected as leader of the Social Democracy Party following the resignation of Cezmi Kartay. Led by Inonu, the Social Democracy Party won 23.40 percent of the vote in local

6 December 1986

elections [in 1984] and became the second largest party in Turkey. The SDPP was formed through the merger of the Social Democracy Party and the Populist Party. Inonu became the second leader of the SDPP after Aydin Guven Gurkan. Inonu ran in the by-elections as a SDPP candidate from the 2d district of Izmir.

Akin Gonen (Nigde, MP)

Gonen was born in Bor in 1942. He completed his elementary and middle school education in Bor. After graduating from the Istanbul University's School of Law, he began working in the Ministry of the Interior. Gonen, who served as county administrator in various locations, resigned as the Governor of Cankiri, his last civil service position, and ran as a MP candidate in Nigde in the by-elections. Gonen, who speaks French, is married and has three children.

Hasan Celal Guzel (Gaziantep, MP)

Born in Gaziantep in 1945, Guzel is a graduate of the Economics and Finance Department of the School of Political Sciences. His first civil service job was in the SPO. Later, he served as counselor to the Prime Minister, consultant to the Turkish Radio and Television Corporation, Deputy Director of the Turkish Agricultural Equipment Board, Deputy Undersecretary of the Ministry of the Interior, Secretary General and Deputy Undersecretary of the SPO and Deputy Undersecretary of the Office of the Prime Minister. He became the Undersecretary of the Office of the Prime Minister immediately after the Ozal government was formed. He served as a faculty member in the Army War College and various schools and academies as an instructor in economics, law and public administration. Guzel, who was elected the "Bureaucrat of the Year" in 1986, has published several textbooks, research papers and transactions on economic and social topics. Guzel resigned from his position as Undersecretary of the Office of the Prime Minister to run as an assembly deputy candidate from Gaziantep in the by-elections. Guzel, who speaks English, is married and has two children.

Sumer Oral (Manisa 1st District, Correct Way Party [CWP])

Born in Turgutlu in 1938, Oral is a graduate of the Ataturk Lycee in Izmir and the School of Economics of the Istanbul University. He worked as a Ministry of Finance auditor between 1962 and 1972. He served as the Deputy Director General of Budget and Finance Control at the Ministry of Finance between 1972 and 1975. Later he became the director general of the same unit. Oral, who was elected to the assembly as a Justice Party deputy from Manisa in the 1977 elections, became the Minister of Social Security in 1980. Oral, who speaks French, is married and has two children.

Sait Ekinici (Burdur, MP)

Ekinici was born in Buyukalan village of Golhisar in 1947. After completing his elementary education in the Buyukalan village and his middle school education in Tefenni, he graduated from the Gokceada Teachers' School. After

working as a teacher for two years, Ekinçi entered the School of Pharmacy by completing his lycee deficiency classes. He graduated from the School of Pharmacy in 1975. Ekinçi is married and has one child.

Mahmut Sonmez (Bingöl, MP)

Sonmez was born in the Melekhan village of Bingöl in 1953. He completed his elementary and middle school and lycee education in Bingöl in 1973. Sonmez has been working as a jeweler in Bingöl since 1980. He is married and has two children.

Umit Canuyar (Manisa 2d District, CWP)

Born in Manisa in 1939, Canuyar went to elementary and middle school and the lycee in Manisa. He served as the provincial leader of the defunct Justice Party. In the local elections of 1984, he ran as a candidate for mayor of Manisa. He ran in the by-elections as the CWP's provincial leader in Manisa. Canuyar is married and has four children.

Husamettin Cindoruk (Samsun, CWP)

Born in Izmir in 1933, Cindoruk is a graduate of the Ataturk Lycee in Ankara and the School of Law of the Ankara University. Cindoruk, who entered politics in his early youth, served as the president of the Youth Branch of the Democratic Party. During the years he practiced law as a private citizen in Ankara and Istanbul, he did not completely withdraw from politics. He defended members of the Democratic Party at the Yassıada trials. Cindoruk, who was the Justice Party's Istanbul provincial leader before that party was shut down, was one of the founders of the Great Turkey Party. After that party was shut down, he entered the CWP and served on the party's central decision and administrative council. Currently, he is the leader of the CWP. Cindoruk, who speaks English, is married and has three children.

Köksal Toptan (Zonguldak, CWP)

Born in Rize in 1943, Toptan is a graduate of the Istanbul School of Law. He practiced law for some time. He was elected to the assembly as a Justice Party deputy from Zonguldak. He served as Minister of State in the Demirel government. Toptan, who ran as a CWP candidate in the by-elections, is married and has three children.

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POLITICAL

TURKEY

OZAL 'MISTAKES' REVIEWED BY COLUMNIST

Istanbul TERCUMAN in Turkish 30 Sep 86 p 3

["Store Window" column by Yavuz Donat: "The Price of Mistakes"]

[Text] Ozal was politicking when he said "11-0."

Up to 10 days ago his "true expectations" were that the Motherland Party [MP] would win nine of the contested seats in the by-elections.

Around the end of the election campaign he told his closest advisers: "It may turn out to be 8-2-1."

He thought the Correct Way Party [CWP] deserved 1 seat.

Two nights ago, Ozal did not sleep--like everyone else.

He asked frequently: "How is Mehmet doing?"

He was concerned about [Mehmet] Kececiler's performance.

When Manisa was lost by 2-0, Ozal could only say: "I had doubts about Pakdemirli, but Mehmet..."

The Prime Minister talked to his inner circle about the "other provinces":

"I thought Samsun would be a dead even race; it was not. There were problems in Zonguldak. We also had problems in Izmir."

At midnight, Ozal told his "inner circle" other things.

For example, he said:

"We must reexamine our organizations."

One of the listeners jumped in:

"Sir, we must also properly evaluate the electoral base we depend on."

However, Ozal might not have heard those remarks because of the "noise on the television."



These are the notes about "Ozal's house."

The MP was not ready for the by-elections. When his "close advisers" told him that, Ozal "disregarded them."

That was a mistake.

Ozal was never able to integrate the organization with the candidates and the candidates with the parliamentary deputies. He did not make any "special efforts" to do that.

That was a mistake.

Ozal appointed candidates like "appointing civil servants." He did not consult with the party organization, the region's assembly deputies or even the cabinet ministers.

That was a mistake.

Every time he rose to speak, he said "I":

"'I' formed this party."

"When 'I' was forming the party on my own, nobody helped me."

"When forming the party, some people undermined 'me'."

His insistence on saying "I, I, I" went on until the day of the election.

That was a mistake.

It would be a bit exaggerated to say that "he removed from his side" those "who stood by his side; those who raised them on their shoulders; Halil Sivgin, who despite his faults could be helpful for small appeasing gestures; Ercument Konukman who was liked by the group; Alaaddin Kisakureki; and Gurbuz Yilmaz"--in sum, his rainy day friends.

But he pushed them aside.

He forgot them.

That was a mistake.

He said: "We are nobody's continuation."

He attempted to "deny the past."

He did not talk about the "right or the left" until the election results were announced.

He did not pay attention to the question of "what electoral base voted for him" or "what electoral base he depended on."

That was a mistake.

He appointed as ministers people who were not supported by the party's rank and file, who were not accepted by the party's administration and who were not liked by the MP's assembly group.

He did not replace them despite the resentment.

That was a mistake.

Some ministers could never shed their "image of being the minister of a supraparty government," and they had confrontations with the assembly deputies.

Nevertheless, these ministers were supported.

That was a mistake.

Relations with the press were worse than "under any other government."

The entire organization of the party's central headquarters and the entire government could not replicate the good relations Istanbul Mayor Bedrettin Dalan and Izmir Mayor Suha Baykal had established with the press.

That was a mistake.

Politics does not tolerate too many mistakes.

In politics, mistakes carry a price.

The results of these by-elections constitute a heavy price for the MP.

Had this been a "general election," had it not been for the "special votes" for Hasan Celal Guzel and had the people of Nigde not made a "special effort" for Akin Gonen, the "price" might have been much heavier.

The MP needs a shakeup without delay. It needs to revise its economic and political plans.

Otherwise this "bad course" will persist.

This is a party where the individual whose office label says "Chief of Organization and Deputy Party Leader" lost the elections.

These are important events.

One may consider these important events "as unimportant" and "may disregard or dismiss" them.

But that would be a fresh mistake added to the "dozen previous mistakes."

The price would have to be paid sooner or later.

POLITICAL

TURKEY

#### PROMINENT LEFTIST EXAMINES ELECTION RESULTS

Istanbul CUMHURİYET in Turkish 30 Sep 86 pp 1,12

["Observation" column by Ugur Mumcu: "Who Won?"]

[Text] When asked "Who won?" almost everyone gives the same answer:

"The grey horse and the rider of the grey horse won the elections."

Then who lost?

The losers are numerous. The bee of the Motherland Party [MP], the Social Democratic Populist Party [SDPP] with its six arrows and olive branch and the irascible pigeon of the Democratic Left Party [DLP].

If you look at the election results from another perspective, you may conclude that the "12 September prohibitions lost these elections." Without drowning you in figures let me just say that the parties which oppose the prohibitions won more than 60 percent of the total votes cast.

Is that not enough?

In other words, the Correct Way Party [CWP], the SDPP, the Prosperity Party [PP] and the Nationalist Work Party [NWP] won more than 60 percent of the votes. In my opinion, this is the most significant result of the elections.

It would also be useful to evaluate the election results from a perspective of "combined vote for the right and the left." As a basis of comparison, let us take the general elections of 1983 and the latest by-elections, and let us compare the votes cast in the same regions in the two elections.

In the 1983 elections, votes for the right--made up of the MP and the Nationalist Democracy Party [NDP]--in Ankara totaled 75 percent. In the recent by-elections total votes cast for the MP, CWP, PP and other rightist parties was lower than the 1983 total by about 1 or 2 percentage points. Votes cast for the left rose by the same amount.

In Istanbul, the combined vote of 65.7 percent for the MP and the NDP in the 1983 elections was more or less preserved in Sunday's by-elections. The

combined vote for the left, on the other hand, rose slightly from 33.2 percent in 1983 to 33.8 percent today.

In Izmir, the Populist Party alone had won 38 percent of the vote in 1983. In Sunday's by-elections the combined vote of the SDPP and the DLP rose to 44.5 percent. Meanwhile, the combined vote for the right declined from 61 percent in 1983 to 55 percent today.

Now let us look at Zonguldak, "the workers' city."

In Zonguldak, the combined vote for the right declined from 68.9 percent in 1983 to 67.3 percent today--totaling the votes cast for the MP, CWP, PP, the Free Democracy Party and other parties. The decline amounts to 1.6 percentage points.

In the same province, the left, which had won 31.1 percent of the vote with only the Populist Party in 1983, won 32.6 of the vote with the SDPP and the DLP in Sunday's by-elections. Similar changes are observed in other provinces.

If the votes for the left were not divided between the SDPP and the DLP which share the same roots, the SDPP would have become the "second party" at the minimum.

The results which show the CWP to have been successful are a reflection of the division of the votes for the left and the concentration of the votes for the right around the CWP. If the pattern of "erosion of rightist votes" in the MP persists, the CWP will become the largest party in the general elections of 1988.

Then what will happen?

"What do you think will happen?" Let no one doubt that the rider of the grey horse will compete for the "President's Cup" in the 1988 elections. If the current bans are lifted in the meantime, Demirel, who insists, "I am a coward if I want anything for myself," will run for president.

Then, the "3d National Front government" will be established through a partnership between the CWP and the MP. Until the 1988 elections the MP and the CWP will fight bitterly against each other, and then the two parties will form the "3d National Front government" in a ceremony marked with kisses and handshakes.

In Sunday's by-elections, Demirel and the Justice Party [JP] organization supported the CWP. Observers who followed the developments closely were not at all surprised with the success of the CWP which was supported by the JP, a party which had won 37 percent of the vote in the 1977 elections.

In contrast, the SDPP organization did not have the same opportunity. Former members of the Republican People's Party, most of whom had joined the SDPP, were forced to compete against their former leader Ecevit.

SDPP leader Inonu's election strategy was based on the premise that he could make his wife run as a parliamentary candidate in Izmir in order to lose the election there, thus dividing the votes on the left and raising new hopes from the turmoil that would result in the SDPP. But that tactic did not pay off.

Mr Ecevit, who led the left into failure twice as prime minister, helped the right with his latest election tactics.

The election results manifest failure for the SDPP. The leftist electorate and the SDPP must examine the causes of this failure; the SDPP must partly look to itself for the causes of such low electoral support at a time when the right is so divided.

It is natural that the CWP should win the votes of the former JP. Because the votes cast for the MP in the past were JP votes. The votes "lent" to the MP in 1983 are now being called in. The shift of votes from one rightist party to another which shares the belief in the same economic model should not be considered an "extraordinary success." What is important is that the social democrats prove that an "alternative" exists to this model.

Consequently, we must concentrate on the failure of the SDPP rather than the success of the CWP.

Do not ever ask, "Where is Turkey headed?" Where do you think it is headed? The course is set toward the "3d National Front."

The course is set toward a "3d National Front" encompassing Demirel and Ozal after the 1988 elections. Where are the "leftist parties" that will halt this march? Where are the effective leaders to do that? Where are the needed sacrifices, awareness and skills?

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POLITICAL

TURKEY

#### COLUMNIST ASSERTS NEED FOR NEW IDEOLOGY

Istanbul MILLIYET in Turkish 29 Sep 86 p 10

[Article by Talat Halman: "The Ideology Vacuum"]

[Text] It is said that Napoleon blamed all the misfortunes of France on ideologies--or rather, on those who remained blindly loyal to ideologies. The well-known British cultural commentator, Professor Raymond Williams--who is a Marxist himself but who has not remained stuck to Marxist methods--says: "Among the people, ideology is still used in the sense Napoleon implied." He adds: "Sensible people rely on their experiences, or they have a philosophy; foolish people, on the other hand, emphasize ideology."

The views of Williams and Napoleon on ideology appear to be fully justified in the light of the bloody events that our country experienced in the 1970's. The clashes between the communists and the fascists, in particular, cost the lives of thousands of people in the name of doctrines, ideals and ideologies. Many of the victims were naive youths. Some of them were not even involved in politics and, in particular, had no ties to either the right or the left. Many of our compatriots became the victims of indiscriminate bombings, shootings and arson incidents by saboteurs who wanted to create an atmosphere of terror and anarchy.

During the same period, there was also a religious fundamentalist group which occasionally got mixed up in acts of terrorism. These naive people, pushed forward by fanatics, poisoned the country's environment.

It can easily be said that in the 1970's Turkey did not benefit from any of the well-known ideologies; it was only hurt by them. That, of course, was not the fault of the ideologies themselves. Ideologies which are not turned into assassination, murder and sabotage may offer major benefits to political life within a framework of thought and programs.

But I think it would not be wrong to say that during the period extending from 1974 to 1980--when various ideologies were most lively--Marxism-Leninism, religious fundamentalism, fascism and similar other ideologies did nothing but harm to our nation.

Today, in the wake of the directives of the 12 September operation and as a consequence of the restrictions of the 1982 Constitution, there are no



ideologies in our politics. Extremist views are outlawed. An intimidated Motherland Party [MP] can move toward neither religious fundamentalism nor nationalism. It gets by with the doctrine of free enterprise. The parties of the left do not even contemplate anything beyond the palest hues of socialism. None of the parties gives any thought to any form of communism. Religious fundamentalism is an ideal about which the MP does not even dare to open its mouth. Fascism and neo-Nazism wait in ambush. On one side we have the MP, the Correct Way Party and other capitalist parties, and on the other side we have etatist parties like the Social Democracy Populist Party and the Democratic Left Party. In fact, none of them have any genuine ideologies. The Turkey of the 1980's is still so weary of the 1970's that it does not want rigid doctrines.

No matter what the results of yesterday's by-elections are, one fact is clear: All of the winning and losing parties are in fact "liberal parties." It is ironic that a "liberal party" was never established in our country. But almost all the major parties of the last 40 years were infinitesimally close to being liberal parties. In yesterday's by-elections, too, each one of the winning and losing candidates were adherents of the liberal doctrine with very minor differences of degree.

Lenin has said: "The alternatives are the bourgeois ideology and the socialist ideology. There is no middle way, because humanity has not invented a third ideology."

Our political world has only the middle way. In general, the middle way has no direction. Our hope is that a third ideology--a Turkish ideology which responds to the realities and yearnings of our nation--is born. The liberal doctrine cannot go beyond being a compromise based on sensibility. Is a third ideology possible? Islamism? Islamic socialism? Ataturkism? Scandinavian socialism?

Today, our political life is deprived of ideologies. Perhaps that is not a loss, because in modern times some ideologies have died, and others are on their deathbeds. But the creation of a new ideology which fits our national, historical and cultural identity will be imperative for the development of our democracy. As we proceed toward the 1988 elections, I hope that some of our parties and politicians will renounce doctrines which have died in the West and will develop a genuine ideology that is desired by a dynamic Turkish nation.

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SOCIAL

EUROPEAN AFFAIRS

# FRG LAW ALLOWS 'TRANSFER OF TURKISH WORKERS' SAVINGS

Istanbul DUNYA in Turkish 11 Sep 86 p 2

[Report by Nurhan Yonezer]

[Text] Ankara--The work on drafting legislation to enable Turkish workers to use their funds deposited in German home savings institutions to buy property in Turkey has been completed. The FRG government is preparing pamphlets and forms which will acquaint Turkish workers with the legislation. After this work is completed, Turkish workers wishing to transfer their accounts in the said institutions to Turkey will be able to file applications.

According to information obtained from the Ministry of Labor and Social Security, after the FRG government instituted the necessary legislative changes, an agreement was signed between the German home savings institutions and Turkey's Public Housing and Public Partnership Fund. This agreement enables Turkish workers to use the funds in their accounts--currently totaling DM4 billion--to buy or to repair homes and property in Turkey.

The officials stated that the FRG government is now preparing the relevant pamphlets and forms which will enable Turkish workers to submit applications on this issue.

Stating that the Turkish workers must be properly informed about how their accounts in the FRG can be used to buy homes in Turkey and what procedures they will need to follow, the officials said:

"Legislative changes have been made, and agreements have been signed between the two countries on this issue. Now the time has come to prepare the contracts."

The contracts which Turkish workers wishing to transfer their accounts to Turkey will have to sign are being prepared by the FRG government. The FRG government is also preparing informative pamphlets for the Turkish workers.

After these documents are prepared, they will be sent to Turkey for examination and if they are approved the system will become operational. The implementation of the system is expected to begin in the coming days because no lengthy procedures are required in Turkey.

Currently, there are 31 home savings associations in the FRG. Of these, 18 are privately-owned and the remaining 13 are government-owned. The waiting period to qualify for loans offered by these associations varies between 24 and 48 months. Interest rates on these 11-year loans vary between 4.5 and 6 percent. Nearly 130,000 Turkish workers currently have accounts totaling DM4 billion in these associations. The officials stated that once the system becomes operational, it will be possible to use these loans in the Turkish housing market and that, as a result, an annual foreign currency inflow of DM250 million to DM300 million is expected. The officials added that as a result of this inflow 10,000 additional new homes are expected to be built annually.

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CSO: 3554/30

SOCIAL

EUROPEAN AFFAIRS

#### FRG AID FOR RETURNING TURKISH WORKERS

Istanbul TERCUMAN in Turkish 11 Sep 86 p 6

[Report by Fahir Ersin]

[Text] Bonn—The state government of North Rhine-Westphalia, which has a large population of Turks, has decided to offer low-interest long-term loans to Turkish and German entrepreneurs wishing to invest in tourism in Turkey.

A 17-man delegation, headed by the state's minister of labor, Hermann Hainemann, and comprised of parliamentarians and senior officials, will visit Turkey on 14 through 22 September to hold contacts and to conduct inquiries on this issue.

The Westphalian minister of labor and members of his delegation, who will meet with Turkish Minister of Labor, Dr Mustafa Kalemli, in Ankara, will seek ways of solving the problems of repatriated Turkish workers. The German delegation, which will also visit Turk-Is [Turkish Confederation of Labor] leader Sevkett Yilmaz and main opposition leader Erdal Inonu, will hold talks with State Industrial and Investment Bank Director General Halit Kara and will tour installations operated by worker-owned firms in Kirsehir, Yozgat and Bursa.

The Westphalian government has decided to offer long-term, low-interest loans to returning Turkish workers and German entrepreneurs who wish to invest in touristic projects such as vacation villages in Turkey. During its visit to Turkey, the delegation will investigate and discuss the prospects of investing in regions permitted by existing legislation and incentive measures.

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CSO: 3554/30

SOCIAL

SPAIN

#### UGT REPORTEDLY LEADING CCOO IN UNION ELECTIONS

Madrid DIARIO 16 in Spanish 27 Oct 86 p 21

[Text] The Socialist labor confederation UGT [Central Union of Workers] is holding a slight gain over CCOO [Workers Commissions] in the union elections 3 weeks before they begin. The results in business firms with over 200 workers ensure a future de facto dual trade unionism, because both CNT [National Confederation of Labor] and USO [Workers Trade Union] and the independents are losing the slight ground won in 1982.

UGT is clearly gaining over CCOO in the union elections held to date in firms with over 200 workers, while USO and CNT are virtually confined to testimonial labor confederations, ELA [Basque Traditional Catholic Labor Union]-STV [Solidarity of Basque Workers] has turned out to be a hegemonic trade union in the Basque Country, and INTG appears to be divided in Galicia.

According to the report from firms in which elections have been held, provided by UGT and CCOO, once they have been cross-checked and compared, one may claim that UGT has won 955 delegates; followed by CCOO with 837; the non-affiliated with 116; and other unions, 299. USO and CNT are among the latter.

These results pertain to 88 companies with over 200 workers, which employ more than 150,000 workers and have elected 2,265 delegates between 1 and 24 October.

#### Favorable Data

It must be pointed out that CCOO has provided a list of 58 firms, including 94,953 workers, who have elected 1,900 delegates. As is usual, these are companies in which the results have been more favorable to them, and hence they appear as winners, with 830 delegates; followed by UGT, with 690; while the other unions plus the non-affiliated total 360.

UGT has done the same thing, providing a list of 51 firms including over 100,000 workers, who have elected 1,630 delegates, 775 of whom belong to them; followed by CCOO, which received 501; and the other unions and non-affiliated ones, with 354.

Although this is still a small percentage, these results already seem like a first poll indicating the evolution and trend in the workers' vote. It should

be noted that among the business firms counted are large companies such as Rio Tinto Explosives, Babcock, Wilcox, Bandas de Chevarri, ENDASA [National Aluminum Enterprise, Inc], Michelin, Astano, Tabacalera, Renault, Bimbo, Mercadona, Standard, Inespal, Imepiel, Snice, Cross, Santana Land Rover, Zuazo, Mini Watt, Macosa de Valencia, etc., all with over 1,000 workers.

One infers from the analyses of the data that CCOO is declining in the metal sector which, paradoxically, had been the "accursed sector" for UGT; because it was thought that this union would suffer severe attrition as a result of industrial reconversion. The elections held to date in the large companies subjected to reconversion plans, such as Astano, prove that this attrition has not occurred.

Another surprising fact is the slight difference in delegates between the Communist-influenced union and the Socialist one in Catalonia. The latter community had traditionally been a "fiefdom" of the Workers Commissions; however, the data provided by this union confederation indicate that there is only a difference of 13 delegates. According to other sources, UGT is even taking the lead. The same thing might be claimed to be happening in Madrid.

Nevertheless, Marcelino Camacho's union appears to have a certain amount of growth in the medium-sized business firms (with between 250 and 500 workers), and in the areas of Castilla and Levante, where it did not have any special entrenchment.

In the Basque Country, ELA-STV shows up with a great deal of strength, becoming consolidated as the second-ranking union force, with CCOO left virtually sliding downward.

UGT, on the other hand, has proven that it is very well maintained and has even improved slightly in firms with over 1,000 workers; whereas, in the medium-sized ones, there lies its "Achilles' heel." But there is every indication that it is in small business (with under 100 workers) that it is on a roll, thanks to an electoral strategy better established than that of its competitors, accomplished through the electoral agents who cover and organize the elections.

#### Participation

Another feature of the electoral process is the widespread participation that is occurring. This will cause UGT and CCOO (whoever the final winner is) to improve considerably the results accrued in 1982. At the present time, preliminary announcements have already been made for holding elections in more business firms than 4 years ago. It is thought that nearly 200,000 more workers will participate than did in the previous election.

The possibility that a third union force may show up in these elections is becoming dimmer every day. According to the results that are being accrued, ELA-STV will have more delegates in the Basque Country alone than USO will in the entire national territory.



It appears that the Workers Trade Union can hardly equal the percentage of delegates that it received 4 years ago, which were even then considered to be a very poor number. CNT is scarcely showing a presence in the results accrued to date.

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CSO: 3548/17

SOCIAL

SPAIN

#### DEMOGRAPHERS REPORT LOWER BIRTH RATES, INCREASED MIGRATION

Madrid EL PAIS (FUTURO supplement) in Spanish 29 Oct 86 pp 2-3

[Text] The sharp decline in fertility, an increasingly reduced death rate, and a positive balance of migration abroad are the main demographic phenomena currently occurring in Spain. Some demographers are beginning to view with concern the fact that birth control campaigns are being conducted in Spain when the forecasts indicate that we shall enter the 21st century with a population in which there will be more aged people than ever, and fewer children than at any other time in our recent history.

The decline in fertility has been taking place in our country uninterruptedly since the turn of the century, extending to the mid-1950's. In 1922, Spanish women had an average of four children, and by 1956, the rate had dropped to 2.61. Then a slight rise was noted until 1964, with another moderate drop until 1977, and a sharp decline after that date. The latest estimate, in 1984, indicated that our country's women now have only 1.7 children on the average. To guarantee the generational replacement, at least 2.1 would be required.

This sharp decline in fertility had occurred in 1965, in the Central European countries, in 1973 in France, in 1974 in Italy, and in 1977 in Portugal. None of these countries has managed to change the direction of the trend; indicating that Spain could hardly do so over the short term. The Spanish phenomenon has surprised the demographers, who were not expecting it to occur in such a drastic manner.

A population projection made by seven experts from the Labor Ministry predicted that the crossing of the threshold to replace the generations (fertility rate of 2.1) would occur in 1986; and it actually took place in 1981. The same projection, which noted that, in 1975, the life expectancy of Spaniards was 70.7 years for men and 76.5 for women, and that these rates were surpassed only by Sweden and Japan, foresaw a moderate growth in life expectancy of 0.22 years for men and 0.34 for women in the years 1975-1986. The real gain, from 1975 to 1981 alone, has been 1.8 years for men and 2.1 for women.

#### Men and Women

As a comparative item of information, it must be said that, in 1900, Spanish men had a life expectancy of 33.9 years, and women, of 35.7.

Insofar as migration abroad is concerned, in 1973 there was a break in the traditional emigration trend of the Spanish population. Since then, the return of emigrants and the settlement of foreigners in our country have exceeded the egress of Spaniards beyond our borders.

The latest official statistics, those from the census of 1 March 1981, indicate that our country has 37,682,355 inhabitants, of whom 18,491,187 are men, and 19,191,168 women. Only in eight of the State's 50 provinces (Alava, Avila, Burgos, Guadalajara, Huesca, Lerida, Las Palmas, and Teruel) is the number of women lower than that of men. Jose Vicente Garcia Sestafe, deputy general director of the Electoral Census Office of the National Statistics Institute (INE), claims: "Of every 100 births occurring in the world, 51 are male and 49 female. At ages 18 or 20, however, there are already more women."

According to 1982 data, the birth rate in Spain per 1,000 inhabitants stands at 13.44 points. When the data are broken down by provinces, one notes that most of the births occur in the southern provinces and the Canaries; while the least number occur in the interior provinces, which have undergone severe population losses from the emigration of the 1960's. The list is headed by Melilla (20.58 per 1,000), ending with Soria (10.35), Avila (10.31), Teruel (9.48), and Orense (8.52).

As for the death rate, the rate for the entire State is 7.44 per 1,000. This is widely surpassed by Lugo (12.07), Teruel (11.71), Cuenca (11.56), and Soria (10.46); while Alava (5.20), Madrid (5.41), and Guipuzcoa and Valladolid (5.83) are the ones with the lowest rates.

There are currently in Spain over 600,000 foreigners with legalized work cards. The internal migrations are more difficult to ascertain. They would have to be picked up from the changes in residence that must be reported to the town hall of where they leave and to the one where they arrive.

### Registering

However, Spaniards are not in the habit of doing so until they have to register in order to procure some document or permit. According to Garcia Sestafe, the INE has observed a decline in the flow of population toward the cities, and even a return of many emigrants of the 1960's to the locations from which they departed.

For example, these migratory shifts are causing Extremadura to gain population, and the Basque Country to lose it; but there are no recent data on either trend.

Where are the major demographic phenomena cited previously leading? Last May, in Madrid, the International Symposium on Demographic Trends and Economic Planning took place. In one of the reports, "Demographic Evolution and Work Force Supply," the demographers Carmen de Miguel Castano and Isabel Aguero prepared three different population projections for Spain up until the year

2051, each of which was based on a different assumption of the fertility rate. The assumed average (1.8 children per woman) would cause our country to have 41.2 million inhabitants in 2001, 41.5 million in 2026, and 37.9 million in 2051. A fertility rate of 1.5 would cause us to have 39.9 million in 2001, 37.4 million in 2026, and 30.3 million in 2051. The hypothesis of the highest rate (2.1) would mean that, in 2001, we would number 42.6 million, in 2026 we would reach 46.2 million, and in 2051, it would be 47.2 million.

Any of the three hypotheses offers a population pyramid at least as broad in the upper sections (pertaining to retirement ages) as at the base (young population). The question is how much the few young people in the 21st century will have to work in order to enable the many old people at that time to collect their pensions. Garcia Sestafe claims: "We are below the fertility rate that would guarantee the generational replacement; and that means that, within a few years, we shall begin losing population. Then we shall have to foster emigration from outside into Spain."

2909

CSO: 3548/17

SOCIAL

THIRTY

# MOTHERLAND PARTY PLANNED FOR BRINGING RELIGION INTO POLITICS

Istanbul HURRIYET in Turkish 25 Aug 86 p 3

[Article by Oktay Pasli: "Religion and Politics:]

[Text] As the campaign connected with the by-elections goes on, each party's variegated hues have begun to appear.

Some already have nothing in their bag of tricks. Others have fished out long-hidden bad habits and are making a public show of them.

But Hon Bulent Ecevit, who supports the Democratic Left Party, has provided what is possibly the most striking spectacle.

Well, it now seems that the Honorable Mr Ecevit has never been against contesting matters relating to religion and religious sanctity in the wrestling ring of politics. It now seems that he does not believe that one of the fundamental principles of secularism is to leave such issues strictly to people's own consciences. He now says that what he said and wrote on the subject earlier merely shows what needed to be said at the time. Thus, for example, it seems that the following criticism he directed in 1968 at the Justice Party and Prime Minister Suleyman Demirel--respectively, the party in power and the prime minister at the time-- in the course of a speech from the rostrum of the Turkish Grand National Assembly on behalf of the Republican People's Party [RPP] on the draft budget was not at all in earnest. Look at what the Honorable Mr Ecevit said at the time: "The Honorable Mr Demirel is making the most extreme concessions in all fields and in every sense, to counterrevolutionaries that he thinks, quite wrongly, that he can bring under control at any time. Among these counterrevolutionaries, among these zealots for reactionary uprising--who are sometimes incited and encouraged either by him or by his close colleagues and who, at other times, drag him along willy-nilly--there are some who are against Ataturk's revolutions, the secular state, the 27 May revolution, social justice, and the constitution."

The truth is that now it is the Honorable Mr Ecevit who is doing the same things.

Which Ecevit?

"Those who believed that secularism was merely an administrative formality, required merely for a certain degree of separation between religion and affairs of state and between religion and world affairs, and who thought this was all there was to it, have understood much better in recent years that the secularism that Ataturk brought to this country has a function that goes much further than that. Secularism is a fundamental condition for national unity in Turkey. Secularism is one of the greatest guarantees for our nation and our state against those who want to divide this nation from within by transforming differences in religious denomination into friction in Turkey. Therefore, let no one have any doubts about it: secularism will grow stronger and survive. (Speech given on 4 May 1979 at the Ankara Provincial Congress of the RPP).

The truth is that, in years past, one of the most carefully preserved principles of Turkish political life was "to refrain from the exploitation of religion and all that is sacred for political advantage."

What the Democratic Party managed to do in this matter was, at the very worst, confined to annulment of "the decision that the call to prayers be in Turkish." And the concessions made by the Justice Party [JP] administration were limited to a nod of approval to some sect leaders and to Demirel's performance at electoral mass meetings to have a copy of the Koran presented to him, then kissing it and touching it to his head."

Now, however, religion has become an overt medium of politics.

It is true that it was the Motherland Party that started the ball rolling. In plainview of the Republican prosecutors--of the Republican chief prosecutor, no less--religion "publicly" climbed into the political ring. Thus began the placing of dynamite sticks at the foundations of the secular republic. Ecevit--unfortunately--also fell in with the fashion.

A pity, a great pity!

13134/13104  
CSO: 3554/13



SOCIAL

TURKEY

POLITICAL SCIENTIST ADVOCATES ISLAMIC ECONOMIC ORDER

Istanbul MILLIYET in Turkish 25 Aug 86 p 4

[Text] Speaking at the Economic Consultative Council of the Economic and Social Research Centre [ESRC], Prof Dr Besir Hamitogullari has said:  
"Inflation is the bastard child of the capitalist form of production."

Speaking at a seminar organized by the ESRC on "The Distribution of Incomes in Turkey--Problems and Solutions," Besir Hamitorgullari, a member of the faculty of Political Sciences, said the following, according to the UBA agency:

--Inflation is the bastard child of the capitalist form of production, whereas Islamic economics is economics without inflation.

--In Turkey, a debate on economic alternatives at the scientific level is impossible because concepts are subject to prohibitions.

--Some diplomats, described as intellectuals in Turkey, are unable to break out of the bounds of ideologies injected in them by foreign centres.

--The Right in Turkey has been building itself up since 1983. A change in the system has begun on the Right.

--The 24 January [1980] decisions constitute the most radical move in the history of the Turkish Republic. The country's economy has never been dislocated to this extent before.

--Where the working population and the intellectuals have been silenced, there you have "savagery capitalism." And what we have in Turkey is not liberalism, but savagery combined with arbitrariness.

--The Right takes sides with capital, the Left with labor. Islamic economics, not being on the side of capital, is not on the right.

--If an economic model has had 50 years to develop a country and failed, then it should be dumped on the garbage heap, and those responsible should repent rather than boast about their deeds.

12184/13104  
CSO: 2554/12

SOCIAL

TURKEY

#### IMPORTANCE OF SECULARISM TO DEMOCRACY EXAMINED

Istanbul CUMHURİYET in turkish 25 Aug 86 p 2

[Article by retired Maj Gen Muzaffer Brendil: "The Basic Principle of the Turkish Revolution: Secularism"]

[Text] "Secularism" has become one of the hottest issues of public debate in Turkey today.

Since Ataturk's time, secularism has enjoyed legal safeguards, and these have been carefully embedded in subsequent "constitutions" that form the foundation of the country's laws, attesting to the importance of the concept in a country like Turkey which must fall in step with the modern world. The extent to which secularism has been observed in practice, however, is more important than its legal status. As recent events show, the interest of the press and its sensitivity to the issue reflect the people's sentiments.

In the past, the word "secular" was used to denote "someone without the characteristics or powers of a clergyman," "someone outside religion and the priesthood," and "secularism" meant "the separation of the authorities for religious and worldly affairs within the state." And "laicism" (laicisme) is the school of thought that supports secularism in organizations and establishments.

Modern, advanced nations in the past waged great struggles against trusteeship and control of the state by the church and succeeded in separating the affairs of state and religion, achieving great feats in the process. Secular thinking in the West was born of the Renaissance and of "Humanism," which put the stress on the value of the human being. This struggle of the modern world goes back to the 13th century, and the superiority of the West lies in its settlement of the 700-year-old issue of secularism and in handling worldly affairs in a rational and scientific manner.

In contrast with the superiority gained by the West in this field, "the East became mired in the concept of a theocratic state and constantly retreated before the West; having failed to keep in step with the ways of the world, it has suffered the familiar consequences. The past enslavement and the present backwardness of the East, caused by its reliance on the concept of the

theocratic state, are full of valuable lessons. The Turkish Republic, Ataturk's great achievement, is the first state in the Islamic world to have come to grips with this subject.

Whether a state is secular or not depends on what is understood by secularism.

Secularism is, first and foremost, "the freedom of thought and conscience." This means respect by the state for every kind of religious thinking and not taking sides on the subject of religion. Respect for the human being, one of the basic principles of democracy, depends on a secular attitude and behavior. Societies and nations comprised of members free of any kind of repression and interference in matters of thought and belief are strong because the freedom of thought and conscience is connected with a human being's rational inner world. A person whose thinking and belief is repressed is a person who has been reduced to a tool, and such a person is deprived of creative ability. Persons forced to adopt a certain religion are not only victims of the worst kind of blasphemy, but also of a practice that runs counter to the concept of modern democracy. In fact, the principle of respect for every kind of religious thinking is an integral component of modern democracies. Secularism is the separation of religion from state affairs. This means that religion should manage affairs in its own sphere and not be involved in the administration of the state, that is, in politics. States that abolish the trusteeship of religion and the religious establishment over the administration of the state find it easy to fall in step with modern civilization. Conversely, this ensures respect for religion and the religious establishment.

The establishment of secularism in the minds and behavior of people is also in keeping with the modern philosophy of life which regards a realistic and rational attitude useful for the success of scientific efforts in life, development, and progress. No method can be as successful in research, experimentation, and in finding the best as the rational approach. No behavior can take the place of rational behavior in solving problems.

Having defined secularism, let us ask whether the Ottoman state was secular or not. The Ottoman state may be described as a "national theocratic" state in its early years. As the state was extended by conquest, its national aspect dwindled to nothing and it acquired a thoroughly "theocratic" identity. The assumption of the office of the Caliph by the Ottoman monarchs added religious powers to their political ones; in other words, the state became theocratic. Furthermore, the creation of the office of the "minister of all religious affairs" [Turkish: "Seyhulislam"] by the Ottoman monarch and the requirement that all matters of state should be subject to its endorsement must be described as the interference of religion in the affairs of state. This method amounted to a subjugation of the affairs of the state to religion. The foundation of jurisprudence in the Ottoman state on Islamic Sharia law was further proof of the theocratic structure of the state.

In the light of the evidence, it would be naive to argue that the state behaved in a tolerant manner toward the various peoples and religions that comprised it and, on this basis, to claim that the state was not a theocratic

one. The Ottoman state disappeared from the historical scene because it based all its views and actions on religious considerations and consequently failed to keep in step with the world's mode of progress.

It is necessary to point out that secularism does not mean irreligion. Secularism means respecting religion by respecting freedom of conscience. Ataturk, the founder of the Turkish revolution, established secularism as one of the basic principles of the revolution. This was essential for catching up with modern civilization and for taking giant steps along this route. To attain its goals, his revolution depended on respect for human dignity and for human freedom of thought and conscience.

Having made an excellent diagnosis of the consequences of both the interference of religion in affairs of state and of basing the course of state affairs on religion, Ataturk made it a fundamental principle of the revolution to confine religion to managing its own affairs. Ataturk's concept of secularism is beyond argument. He said: "Religion is a necessary institution. Nations without religion cannot survive. It is, however, a fact that religion is a matter between God and his creatures." (Footnote 1) (Kilic Ali: "Ataturk's Qualities," p 116)

Ataturk believed in the rational aspect of Islam, free from all casuistry. He said: "Our religion is a most reasonable and most natural religion. And it is only because of this that it has become the ultimate religion. To be natural, a religion must be compatible with reason, science, technology, and logic. Our religion is so entirely." (Footnote 2) ("Ataturk's Speeches and Statements," Vol 2, p 90)

The Turkish Republic, following a war of independence and in light of the lessons it drew from a series of disasters, initiated a series of reforms under the leadership of Ataturk. The goal of all these movements for renewal was and is the creation of a modern, civilized, advanced, and strong nation. This is a matter of life and death. The fundamental problem in modernization is to achieve a democratic regime based on national sovereignty, respect for human dignity and the freedom of thought and conscience. This is predominantly stated in Article 9 of 1962 constitution: "The Republic of Turkey is a democratic, secular and social State governed by the rule of law; bearing in mind the concepts of public peace, national solidarity and justice; respecting human rights; loyal to the nationalism of Ataturk, and based on the fundamental tenets set forth in the Preamble."

In the modern concept of a state, secularism means "freedom of religion and conscience"; "the neutrality of the state in matters of religion"; "the separation of religion and politics, that is, from affairs of state"; and the adoption of "rational and scientific methods" in worldly matters, that is, in the affairs to be conducted for the benefit of the nation and the country. On the principle that secularism does not mean irreligion, everybody is free in his faith. In these respected, secularism as a component of Ataturkist philosophy is one of the foundation stones of the Turkish revolution. Ataturkism, (the Turkish revolution) is an indivisible whole.

Secularism is a philosophy of life for the Turkish nation which has to keep up with the modern world. Any movement aimed at causing the Turkish nation to falter in its great achievements on the Ataturkist course is to be characterized as an attempt to inflict the greatest evil to the nation. One may rightly say, in view of the fact that the Turkish revolution and Ataturkism constitute a whole, that secularism is one of the foundation stones of the revolution. To disturb this stone--let alone dislodge it--may bring down the edifice, the whole great monument. Let it be known that anybody who makes the attempt will be buried under the edifice.

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SOCIAL

TURKEY

## SECULARISM CONTRASTED WITH WESTERN CONCEPT

Istanbul TERCUMAN in Turkish 23 Sep 86 p 2

[Article by Nahid Dincer: "Their Ways and Ours"]

[Text] In 1978, the Turkish Teachers' Association [TTA] in the state of North Rhine-Westphalia in the FRG wrote to the Social Democratic Party (SPD) complaining about Koranic courses in the state and demanding the closure of these courses.

After examining the complaints of the TTA, SPD parliamentarians Busow, Hein and Reymann submitted a list of questions to the State Assembly on 19 February 1979 and requested that the state government answer them. The motion submitted to the assembly was as follows:

"The TTA has complained about the Koranic schools (in Germany this term is erroneously used to mean Koranic courses) and the instructional methods used by teachers in those schools and has demanded the closure of these schools. They have made this demand on grounds that the Koranic schools violate current Turkish law.

"In addition, it has been contended that attending the Koranic schools constitutes a heavy burden for Turkish students, that the schools are having a negative effect on the students and that they are instigating indifference toward normal classes.

"It is also said that the Koranic schools have become propaganda vehicles for extreme rightist parties and that insults against other Turkish parties and German parties are often encountered in these schools.

"It is charged that the Koranic schools preach intolerance toward other ideas, a national-socialism which opposes the peaceful coexistence of nations and antagonism against German children and that, in sum, the students are encouraged and induced to take a wrong approach which isolates them from society.

"We ask the state government:

"1. What are the legal principles under which these schools, known as Koranic schools, operate in the federal republic and in North Rhine-Westphalia?



"2. What oversight measures provided by the federal and state constitutions have been used so far to control the operation of the Koranic schools?

"3. Has any data been gathered about the Koranic schools' curricula, teaching methods, locations and public health status? How is this data evaluated and are they in compliance with German laws?

"4. Is it true that the Koranic schools are established and exploited by extreme rightist parties? Does the state government have any information on this matter? If so, what conclusions have been reached?

"5. Assuming that the criticism leveled by the TTA against the Koranic schools is justified on basic issues, does the state government share our views on the following points?

"The continued operation of the said schools and the attendance of children in these schools is in the interests of neither the students nor our state. What steps will the state government take to prevent violations of the federal and state constitutions?"

#### Answers

The state's ministers of labor, health and social affairs, culture and the interior jointly formulated answers to these questions. The answers were read on 26 March 1979 on behalf of the government:

"With regard to Question 1:

"These schools, known as Koranic schools, are not schools as defined by the state constitution and the relevant provisions of the law. These institutions employ quasi-instructional methods to teach verses from the Koran in Arabic, which is considered essential for the teaching of the Islamic religion. Currently, no special legal principles exist with regard to the teaching of the Koran, other than Article 4/2 of the Constitution which guarantees religious worship without state interference.

"With regard to Question 2:

"The general oversight of the Koranic courses is not possible without a legal basis. Intervention in isolated circumstances is authorized by the penal code only if a proven offense requiring punishment is committed.

"With regard to Question 3:

"The state government has received no information about proven violations of German laws to justify intervention.

"With regard to Question 4:

"The teaching of Islam is carried out by various institutions. Allegations that extremist political groups are exploiting the teaching of the Koran for their purposes have not been substantiated until now.

"With regard to Question 5:

"In sum, it can be stated that the guarantee for religious worship without state interference also applies to the adherents of Islam. Within the framework of its policy on aliens, the state government remains committed to the principle of allowing workers and their family members who are here legally to choose for themselves their time of stay, their degree of adaptation and their adherence to their national and religious identity."

#### The Stance of the Press

We see in the answers given by the state government to the SDP parliamentarians' questions the implementation of the concept of secularism and the principle of the supremacy of the law. I would like to draw the attention of people in Turkey who hide behind the mask of secularism to the Westphalian state government's response to the TTA's unfounded, unsubstantiated and exaggerated allegations and accusations designed to provoke the Germans, and I would like to comment on the stance of the German press.

The said petition by the TTA and the SPD deputies' questions to the government were reported by the German press neither in banner headlines nor in a way that could provoke the persecution of Muslims. Nor was the issue exploited by the press as commercial capital. The German press did not use this opportunity to threaten and to accuse the government and did not attempt to indoctrinate government forces against Muslims.

If a similar petition, filled with such allegations, were written by an association of teachers in Turkey and brought before the Turkish Grand National Assembly by a political party, the stories, articles and commentaries our press would churn out would be such that the earth would move. In Germany, on the other hand, the press did not twitch a hair with regard to this petition by the TTA.

Only recently, one segment of our press carried stories distorting the work of a sincere Muslim who has no motive to change the government system or to eliminate secularism and whose eagerness and dedication to serve his religion is reflected only in his personal behavior (not the social order). These reports were filled with accusations of extreme religionism and reactionism, but nothing more than glib talk and the comments of the correspondents who wrote the stories. It is not very hard to see in these reports the inconsistencies, the erroneous interpretations and the opinionated stances stemming from ignorance. While large banner headlines extending over five columns carried hair-raising remarks, the stories following these headlines contained nothing more than allegations about praying and handing out religious pamphlets—which are not criminal offenses—and admissions that government authorities and security officials could not find any criminal evidence despite all their efforts. The discrepancy between these banner headlines, designed to cause panic in our society and among government officials, and the reports following them is a good indication of how these press organs judge and view their readers.

## The Western Approach

In Germany, the survival chances of papers which attempt to provoke persecution against believers and which fabricate such frivolous reports are very slim because of the negative impression such acts may create about themselves. Moreover, the Church would stand up against papers fabricating such stories; that would end all chances of survival for those papers, and they would die.

But in Turkey, such papers can perpetuate their anti-religion stories--behind the facade of warning against reactionarism and defending secularism--without any fear or restraint because they believe that their sales will not decline.

Secularism is not a one-way street or a knife with one cutting edge. Secularism is a system which protects the believer's right to believe and which guarantees an environment where the individual can engage in behavior arising from his religious beliefs and can worship freely and without interference. Secularism does not mean to engage in anti-religionism by distorting the most innocent incidents. Those who interpret secularism in accordance with their own ideology and who wish to morally pressure government forces to take action against believers are obstructing the integration of the Turkish nation and the Turkish state, and that is the great peril.

This is the difference between the concept and practice of secularism in the West--which we have been trying to imitate--and the stance of our papers which think they have a monopoly on secularism and its practice.

9588

CSO: 3554/41

ECONOMIC

DENMARK

# FOREIGN MINISTER, INDUSTRY MINISTER DIFFER ON EXPORTS

Copenhagen BORSENS NYHEDSMAGASIN in Danish 17 Oct 86 pp 12-14

[Article by Stig Albinus: "Export War"; first paragraph is BORSENS NYHEDSMAGASIN introduction]

[Text] The disagreement between the industrial affairs minister and the foreign minister could threaten the continuity of the government's business policy. Reports from the meeting suggest that the dispute peaked at the government's meeting at Saunte House.

Foreign Minister Uffe Ellemann-Jensen and Industrial Affairs Minister Nils Wilhjem have fallen out over the government's most important political issue this fall, a dynamic business policy.

The foreign minister's desire to launch the government's export strategy himself in a report on export policy has irritated Nils Wilhjem and created conflict between Conservative and Liberal ministers. This has produced a bad atmosphere and threatens to destroy the continuity of the big plans.

The Conservative cabinet ministers have reacted sharply to what they regard as the Liberal Party chairman's attempt to take the credit for the business policy offensive that the new Conservative minister of industrial affairs, Nils Wilhjem, was selected to present. Within the government Wilhjem has called Ellemann-Jensen an "imperialist," while Ellemann-Jensen says that Wilhjem and his ministry are the ones who have tried to "grab too much power for themselves" in the area of economic policy where the Foreign Ministry's trade section has made increasingly energetic efforts in recent years.

The controversy came to a head at the government's meeting on strategy at Saunte House in North Sjaelland on 28-29 August where a lengthy quarrel occurred. The Conservative ministers took turns trying to persuade the foreign minister to abandon his plan to present the government's overall export policy personally and to allow it to be incorporated in the prime minister's opening speech or Wilhjem's industrial policy statement instead. But Ellemann-Jensen stood his ground. He will present a statement on export policy to Folketing in early November.

The conflict over the presentation of the export policy statement concerns much more than which minister will have the honor and prestige of launching the government's fall scoop, its dynamic business policy. It is a fight among government officials over which ministry will coordinate the government's export policy and the practical export-promoting activities in this country and abroad. Will it be the Industrial Affairs Minister and its industrial policy secretariat, which wants to become stronger, or will it be the Foreign Ministry's trade section with its experienced practitioners? Nils Wilhjelm feels that the coordination naturally falls under his ministry, as the ministry for business policy, while the foreign minister feels it is quite obvious that the Foreign Ministry should coordinate export activity. "The Foreign Ministry people have the practical experience," says Ellemann-Jensen.

Finally it is a question of the attempt by the Liberals and Ellemann-Jensen to recapture the central position in planning the government's economic strategy which was partially lost when Conservative Palle Simonsen took over the leadership of the Finance Ministry as then Liberal chairman Henning Christophersen's successor.

Here Ellemann-Jensen has found a speedy short cut to exert influence via his own field of competence on the area that will be one of the main themes in economic policy in the years ahead, namely business policy.

When questioned directly, Nils Wilhjelm saw no problem in the division of work between the Foreign Ministry and the Industrial Affairs Ministry.

#### Clear Work Division

"There is a very clear division of work in the present areas of responsibility. This will not be changed. The Industrial Affairs Ministry and the other ministries are concerned with problems connected with the national scene while external affairs are dealt with by the Foreign Ministry."

Who should coordinate export policy?

"Coordination is dealt with by the government's business committee. This committee has discussed my report and my business policy program for urban businesses. And the business committee will also approve the export policy statement."

Who should coordinate practical export efforts, the Industrial Affairs Ministry or the Foreign Ministry?

"As in the past, coordination should occur in both places."

Why was so much time spent at the Saunte House meeting on discussing whether the foreign minister should deliver the export policy statement?

"That was not the case."

We pointed out that reports of the meeting clearly indicated this.



"I have no comment on that," said Nils Wilhjelm.

#### Conflict at Saunte House

High-level sources in the Foreign Ministry described the discussion of export policy at the government's strategy meeting at Saunte House as a "regular fight" in comments to BORSENS NYHEDSMAGASIN. And the otherwise carefully edited account of the meeting makes it quite clear that there was an internal debate.

Various Conservative minister in turn--the prime minister, the finance minister and the cultural affairs minister--made a vain effort to get the foreign minister to abandon his idea of personally delivering a statement on export policy.

According to the account of the meeting Nils Wilhjelm first presented the main lines of his industrial policy statement. Then it says:

"The foreign minister raised the question of an overall export policy. It was not a proposal for more money. General business policy is the cornerstone of export policy. But we might achieve a better utilization of various aspects of our dynamic policy if we try to combine and coordinate the energy a number of ministers expend on export promotion. This has never been tried. Perhaps the government could present an overall policy statement. The basic idea was that an attempt should be made to gather our forces.

"The industrial affairs minister agreed in principle. The thought was in line with his idea of reactivating the Export Promotion Council.

"The prime minister assumed that the idea was not to combine all export promotion activities under the direction of the Foreign Ministry but to better combine and coordinate presentation to the public of the policy the government wants to pursue.

"The cultural affairs minister was not sure that a statement would be appropriate. A section in the opening speech would be better.

"The foreign minister maintained his desire for an export policy statement, at which point the prime minister remarked that the statements should be coordinated.

"The finance minister said that references to the export promotion measures might be more appropriate in the statement from the ministry in charge of that area. It would also be possible to get something out of this sort of division of effort."

The matter was not concluded at the meeting but Ellemann-Jensen will present his export policy statement, thereby getting his own way.



## No More Signals

The need to coordinate ministry efforts in the export area has become great as export policy activity became really prestigious. Almost all the ministries feel it is an honor to launch export initiatives themselves. But the problem is that so far this activity has not been coordinated.

It is apparent from one of the Industrial Affairs Ministry's preliminary memos on a "long-range dynamic business policy," dated 28 April 1986, that the government intends to do something about this problem:

"It should be strongly emphasized that planning a long-range dynamic business policy is an effort that goes across ministerial lines. It will not be possible to accomplish this task unless public authorities within a number of policy areas understand the need for--and are capable of--working in harmony. The only way this can be done is by making cooperation across ministerial lines an unconditional requirement."

The desire to improve coordination across ministerial lines is based on pointed criticism of the lack of a systematic approach in the past:

"It would also be a positive element if the 'small signals' of various ministries are reduced to a minimum. On the other hand it is important that we stress that a long-range strategy is being fashioned. Otherwise the unsystematic 'firing off of small signals' will continue and this will shake the business world's belief in the seriousness of our intentions."

Consequently the memo states that a coordinated effort calls for an "expansion of the industrial policy secretariat" in the Industrial Affairs Ministry.

## Liberals Want Export Ministry

With its plans to strengthen the Industrial Affairs Ministry, "reactivate" the Export Promotion Council, strengthen the export promotion secretariat and cause it to function in a more purposeful way, the Industrial Affairs Ministry is on a collision course with the Foreign Ministry.

A more purposeful export promotion activity under the auspices of the Industrial Affairs Ministry will almost inevitably lead to a conflict with the efforts being made by the Foreign Ministry's trade section both in other countries and inside Denmark.

Business people already want better coordination and control of the export support and guidance available to Danish firms today. It is said that export promotion coordination is a "giant with feet of clay" and that it functions poorly in relation to small and medium-sized firms in particular.

At a meeting in Grindsted recently section chief Jens Peter Larsen of the Foreign Ministry told a group of Jutland business people that "too many small and medium-sized Danish firms are running their heads against a brick wall when they seek information about how they can sell their products in other

countries. They run the gauntlet from one office to another and too often their efforts are wasted on that account."

The chairman of the Liberal Folketing group, Ivar Hansen, who attended the same meeting, stated in this context that "it may be necessary to gather the export problems under one hat in a single Export Ministry."

Actually Ivar Hansen's suggestion means that export promotion work would be moved from the Industrial Affairs Ministry to the Foreign Ministry. Ellemann-Jensen does not think it makes sense to separate the Foreign Ministry's work in the foreign economic and foreign policy areas.

The director of the Trades Council, Laue Traberg--another Liberal--also saw this perspective in strengthening the work of the export promotion secretariat:

"When the Export Promotion Council is changed in the way the government is proposing, with the work of the council becoming more authoritative, it would be a good idea to start discussing whether the Export Promotion Council should come under the direction of the Foreign Ministry. There is a trend in development toward the establishment of an Export Ministry under the Foreign Ministry. In this way we could also avoid Norwegian and Swedish conditions with their bad experiences from going the other way and concentrating on export efforts in the ministries responsible for domestic business affairs."

This idea has the support of prominent business people who feel that by virtue of their practical experience in export work abroad, Foreign Ministry people are far better equipped to coordinate export activities than the deskbound theoreticians in the somewhat oldfashioned Industrial Affairs Ministry.

However Nils Wilhjelm categorically rejects the idea of moving the Export Promotion Council to the Foreign Ministry:

"It is totally unthinkable. If we do not link the sales side to the production and development side we will lose an important prerequisite for a harmonious business policy."

But regardless of how unthinkable it is for Nils Wilhjelm the fight for control of export policy does not end there. It has just begun.

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ECONOMIC

DENMARK

# ECONOMIST SEES NEED FOR CURRENCY DEVALUATION

Copenhagen BORSENS NYHEDSMAGASIN in Danish 10 Oct 86 pp 18-19

[Unattributed article: "Krone Overvalued"; first paragraph is BORSENS NYHEDSMAGASIN introduction]

[Text] Any government in office a year from now will be forced to devalue the krone, according to economist Torben Nielsen.

In spite of their support in principle for the government's goal of maintaining a fixed krone exchange rate policy, several economists regard it as unlikely that the government will be able to maintain this policy after the contract settlements next spring, which are expected to cost Danish firms a lot of money.

Stockbroker Torben Nielsen is one of the supporters of the fixed rate policy because the fixed rate of the krone has been an important factor in the decline of interest rates. But he does not believe this policy can be maintained much longer:

"The fixed krone rate policy, as it is defined now, can be maintained with the wage development and the cost growth that seem likely in 1987. But regardless of what government is in office a year from now it will be forced to abandon the fixed krone rate policy as now defined, with the krone fixed in relation to the ECU. It will probably be necessary to fix the rate of the krone in relation to an average of all currencies, including the dollar," he said.

"The export trend at this time shows that the krone is probably too strong internationally in relation to our international competitiveness. I do not believe that competitiveness can be corrected in the short term through wage restraints. The krone is so overvalued that it will take a great many years with a very strict income policy to accomplish that," said Torben Nielsen.

He sees the choice this way: Do we want to maintain the krone rate policy or are we willing to accept a substantial increase in unemployment?

"That is the alternative. We can get by for a while with very poor competitiveness and high unemployment, for then the correction will occur on the wage

side alone through a sharp rise in unemployment. Otherwise we must devalue the krone or at any rate adjust the krone in relation to our competitiveness," Torben Nielsen said.

#### Wage Restraint Decisive

Even economists who reject any discussion of the possibility of a devaluation or adjustment of the krone emphasize that maintaining the fixed krone rate policy calls for a strict income policy and very low wage developments in the future.

Director John Rammer of the Danish Bank warned at a regional meeting in North Sjaelland in late September against the "instant solution" in the form of a devaluation which "is aired in the media at regular intervals." His argument was that devaluation would plunge the country into increased inflation and high interest rates. At the same time it is doubtful in the current economic situation whether Danish exporters can make use of a short-term improvement in competitiveness to increase their sales substantially, John Rammer said. But he added that "only through wage restraint can the fixed krone rate and the interest level--which is still relatively low, in spite of everything--be preserved."

The Industrial Council has also said that currency exchange rates are a problem for Danish competitiveness. In a comment on the trade deficit in August, chief economist Verner Puggard blamed the high exchange rate of the krone for the fact that the volume growth of industrial exports has not made an impact in the form of better trade figures.

Jorgen Hansen, deputy director of the Industrial Council, also made it clear to the daily publication BORSEN that the "currency exchange rate side" will probably not produce any improvement in competitiveness in the "near future."

"Therefore domestic wage cost developments will be of the utmost importance," he said, stating that there is no room for wage increases in the coming contract negotiations if competitiveness is to be improved in 1987.

If wage developments run wild in the contract decisions in the spring it could be difficult to maintain the fixed krone rate policy, in other words.

Leading Social Democrats have made the same assessment. The Social Democratic leadership has decided that party representatives will not participate at all in a public discussion of the exchange rate of the krone or the advantages and disadvantages of a possible devaluation.

But internally several Social Democrats have made no secret of the fact that they regard it as highly unlikely that the government will be able to maintain the fixed krone rate after the contract negotiations.

## Political Suicide

In their opinion, maintaining the fixed krone rate would require a contract settlement with a wage development of minus 2-3 percent. Thus they expect the Danish krone to come under enormous pressure after the contract negotiations are concluded in the late spring of 1987.

Per Bendix, Handelsbanken's chief economist, said the talk of an overvalued krone represents "exaggerated nervousness."

"The government has made the fixed rate policy in relation to EMS currency the backbone of its economic policy. So the market must ask if we believe in it or not. I believe in it. And the consequences of devaluation would be fatal. It would be political suicide to abandon the fixed rate policy. That is how firmly the government has committed itself to the fixed rate policy. But it is obvious that unless the government comes up with a policy in which others, especially the international community, have confidence, the government will be in real trouble," said Per Bendix.

"The trick for Denmark is to create an export level that can support the standard of living we want to have. Unless the contract negotiations end with a wage development that is closely linked to an identifiable productivity development on the part of Danish firms, I regard it as inevitable that we will see a tightening of fiscal policy after the contracts are negotiated," Per Bendix said.

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ECONOMIC

SPAIN

# SECTORS, SCALE OF UNDERGROUND ECONOMY ANALYZED

Madrid CAMBIO 16 in Spanish 20 Oct 86 pp 58-64

[Article by Gonzalo San Segundo: "Underground Economy: Lawless Spain"]

[Excerpts] They are defrauding the State of over 300 billion pesetas in taxes. They are competing unfairly on the market. But they are also creating jobs, and feeding families who do not collect any subsidy. Those are the two sides of a reality known as a hidden economy: 300,000 small clandestine businesses.

The government paid 80 million pesetas for the report on the Spanish underground economy. Five of the country's leading consulting firms (Alef, Dym, Eco, Emo-publica, and Metra Seis) did the field work during November and December 1985, with the participation and direction of the Sociological Research Center (CIS). A total of 64,000 interviews were held.

Carlos Solchaga, minister of economy and finance, had kept the report under lock and key since last spring. But in August, in Mallorca, it was impossible to conceal, and the bomb exploded: "There are in Spain a million fewer unemployed than the official statistics indicate," it read.

The match of this assertion ignited quickly, and the criticism of the minister was vented upon him by the opposition parties, trade unions, and business owners' organizations. All of them, with more or less emphasis, accused Solchaga of using the hidden economy as a buffer for unemployment. The head of the government, Felipe Gonzalez, later confirmed his minister's comments.

The report, which has evoked an unusual interest among congressmen, indicates that there are in Spain nearly 3 million Spaniards working in the underground economy, the majority of whom are not listed as employed in the Active Population Survey (EPA). Of that number, 1 million are considered officially as unemployed. Hence, Solchaga was shown the 15 percent real unemployment, rather than the 21.5 percent indicated by the EPA.

Compared with the real economy, in the hidden economy the pay is worse, there is a larger number of young people, one can more easily change companies, work at home is more common, and there is a predominance of workers without family responsibilities. Half the underground workers are women.



Based on geographical areas, Murcia, Andalucia, and Castilla-La Mancha have an underground economy exceeding the national average, totaling 22 percent. Situated in the lowest category, in this order, are Madrid, Aragon, and Cantabria, which do not exceed 16 percent.

What would become of this country with 3 million unemployed, only one of every three of whom collects any type of subsidy, if there were no underground economy? This question is asked by the administration, the trade unions, and the business firms. The answer is unanimous: Certainly, a revolution would have erupted.

But quite the opposite has occurred. The government allows it; the trade unions excuse it; the employers are violently opposed to it; and the banks (even the government ones) grant it loans. Many legal companies foster it through subcontracting. The unemployed without unemployment insurance find a means of survival in it; and those who have a job seek multiple employment therein.

Why does the underground economy exist? Jose Antonio Segurado, leader of the Liberal Party, and on behalf of the Popular Coalition, claims: "The business firms are submerged by such a savage tax pressure that exists, and by the lack of a flexible market for labor relations."

According to Marcelino Camacho, head of the Workers Commissions, "The most direct paths toward black market employment lie in the flexibility regulations and seasonal contracts introduced by the Socialist government."

Among these positions, there are other causes, according to sources who were queried, such as the difficulty in finding employment legally, the loss of purchasing power, and the possibility of raising family income: the latter, on the part of the workers.

The reasons of the business firms are different. Apart from the tax pressure, there are the ability to survive and to increase benefits (based on not paying taxes), the increase in salary and financial costs, and the loss of competitiveness owing to the technological lag.

But, as a rule, the underground businessman shows little interest in technology. Santos Ruesga, a professor of economic structure at the Autonomous University of Madrid, remarks: "The business owner's surplus in the hidden economy, for the most part, does not go into technological reconversion, but rather into consumption."

Quite the opposite of what the Italians are doing. Italy, the OECD country with the highest rate of underground economy, is also the country exporting the most products originating in irregular or illegal activities. The Spanish underground economy, on the other hand, is more aimed at the domestic market.

Is the underground economy good or bad? Must it be accepted or, on the contrary, should it be persecuted? Here too, there are opinions for all tastes, depending on the interests being protected by each individual.

Rafael Termes, president of AEB, the bank management association, thinks that the hidden economy is contributing to maintaining the dynamism of the total economy, and hence it would be a great mistake to persecute it. He commented: "The underground economy is stopping the evils of an unemployment which, if it were real, would be explosive. The course of action does not lie in ending it, but rather in attempting to have it emerge."

Jose Borrel, secretary of state for finance, upholds quite a different position. He claims: "We must demand compliance with the law and, at the same time, change a group of regulations to gear them to reality." And, graphically, he adds: "To make a submarine emerge, it does not suffice to direct depth charges at it."

Juan Rovira Tarazona, economic official of PDP [Popular Democratic Party] and deputy representing Alicante, is also categorical: "It is bad, and we must try to make it non-existent." And he adds: "It is a cancer that will end up devouring the legal economy if a rapid remedy is not applied."

What remedies, what solutions should be adopted? In a recent report on hidden employment, OECD claims that the most effective strategy against the existence of the underground economy consists of promoting a regular work market that is more flourishing and flexible.

Santos Ruesga is more concrete: "We must make the price of the worker flexible; that is, broaden the wage scale upward and downward; one which is currently very much constricted by collective contracts and labor legislation."

The solutions proposed by Rovira Tarazona to make the hidden economy crop out are: to see to it that work is not so heavily penalized by taxes, to put more emphasis on the tax on business firms ("which is becoming devoid of essence"), to reduce the business firms' contribution to social security and, starting at that point, "impose stiff penalties on anyone who is underground." Expressing himself along this same line is Jose Antonio Segurado, who terms the unfair competition carried out by the underground businesses as "savage" and an "intolerable situation."

If the entire underground economy paid its taxes, the public deficit would be reduced in half. This is the concern of Rafael Termes: "The hidden economy must be made to crop out, through the distribution of the size of the public sector, cutting spending so that taxes can be cut without creating a deficit."

According to the experts, the underground economy produces over 3 billion pesetas; in other words, a quarter of the gross domestic product (GDP). Most of this money is generated by 300,000 small and medium-sized clandestine businesses which employ some 3 million Spaniards, including the unemployed, housewives,

retirees, those under age 16, students, those with multiple jobs, and the disabled. One out of every three is officially considered to be unemployed.

For example, work at home occupies 650,000 persons (most of whom are housewives and retirees), half a million of whom have not been dropped from social security. And, in the ready-made clothing occupation, only half of its 200,000 employees are registered.

In Alicante, 40 percent of the production (especially that of shoes, textiles, and toys) is in the hidden economy. In Catalonia, the construction sector shows a similar percentage in the underground economy. And, specifically in Igualada, two out of every five pesetas produced (mainly in the knitting industry) is an irregular economy, according to the Workers Commissions.

According to NEWSWEEK magazine, in Andalucia half of the unemployed are underground, and over 40 percent of the businesses established in this region with under 100 workers have underground employment, according to Santos Ruesga.

From an economic-labor standpoint, it is the small clandestine production shops that have most bolstered the underground economy. Here, the typical features of the underground worker are that he is an officially unemployed person between 25 and 45 years of age, with a certain amount of occupational experience. Working in the trades and in traveling sales, such as that taking place on street stands, are unemployed youths, students, and people seeking their first job.

A prominent member of UGT [General Union of Workers] comments: "All this activity, however extremely illegal it may be considered, cannot be eliminated at one fell swoop." The former head of the government, Leopoldo Calvo Sotelo, declared during the summer of 1981: "We are ready, as a government, to prevent part of the economy from being outside of the law." He could not, and had no time to prevent it.

The present government appears determined to intervene in the matter. The first step was the preparation of the report: quantifying the hidden economy, and learning where the pockets of fraud of the Finance Ministry, social security, and both autonomous and local entities, are occurring.

"What is up to us now, after a parliamentary debate on the subject, is to devise measures to force that irregular economy to crop out," asserts a high-ranking official in the Ministry of Economy. And he adds: "However, it will not be easy to establish a table of effective measures, because the hidden economy has, along with its bad side, a good side."

The bad part of the underground economy is marked by its nature as an illegal activity, opposed to the businesses and workers who are operating legally, and who pay their taxes and social security contributions religiously. In addition, it is an unfair competition with a hard labor system imposed on workers (low wages, long work days, meager health conditions, etc.).

The tax fraud committed by the underground businesses has been assessed by the Ministry of Economy and Finance at over 300 billion pesetas.

Its good side is the creation of jobs, the reduction of business costs by 40 percent, and production at competitive prices.

The underground economy is not limited solely to the job market. The black market money derived from tax fraud, drug trafficking and consumption, smuggling, illegal gambling, and prostitution, is also a hidden economy. Estimates by official agencies put drug consumption in Spain at the figure of 200 billion pesetas. According to the experts, the prostitution business represented over 100 billion pesetas in 1984, over half of which originated in the Chinese district of Barcelona.

According to Professor Edgar L. Feige, of the University of Wisconsin, in the United States, "The underground economy is growing at a rate faster than that of the legal economy, the one that is accounted for." If the official statistics were to contain all the data on the hidden or parallel economy, the socioeconomic reality in Spain would be quite different.

For example, the economic growth would be greater, and the official unemployment rate (according to the experts consulted) would decline between 30 and 40 percent. For this reason, Professor Feige claims that, "To close one's eyes to this reality could cause the failure of the economic policies that are adopted to solve the crisis."

Returning to Spain again, during 1984, according to estimates by several experts, the "mole economy" carried out illegal transactions worth some 130 billion pesetas, generating an untaxed income exceeding 700 billion pesetas. To be added to these figures is another 80 billion from the unpaid taxes on business firms, derived basically from businesses which are established and operate clandestinely.

In all, this amounts to more than half of the public deficit. And these data relate only to the underground economy caused by tax pressure; in other words, the hidden economy of the productive market.

2909

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ECONOMIC

SWEDEN

# WAGE MINISTER UNDER ATTACK FROM TRADE UNION NEGOTIATORS

Stockholm DAGENS NYHETER in Swedish 6 Oct 86 p 14

[Article by Ann-Marie Asheden: "Wage Minister in the Middle of the Storm"]

[Text] Accusations rain down and the speeches in defense are loud when Bengt K. A. Johansson takes the floor these days. He finds himself in the middle of the struggle between the government and the union negotiators.

"Can he handle it?" some of his tender-hearted friends wonder.

"Of course he can handle it. He is just telling the hard truth," one hears from inside his headquarters in the confident Finance Department.

Up until a year ago, Johansson lived a relatively protected life.

This life began in Sandared near Boras almost 50 years ago, in classical Social Democratic worker environment. The son of a carpenter, Bengt went on to high school and the university. With his ideals intact, he began during his university years in Goteborg to work politically in the Social Democratic Student Union.

## Awakened Respect

He took a degree in political science, economics, and history, and he had thought of continuing his studies toward an academic career when he received an offer from the highest Social Democratic level, where they were looking for sons of the movement who had received an education. At the age of 26, he became a secretary in the prime minister's cabinet and one of Erlander's "boys."

After a few years of apprenticeship with the prime minister, the finance minister took him over. In Gunnar Strang's hard school he learned the art of saying no and of juggling the nation's budget and dealing with general economic problems.

After this he went as a policy official to the Labor Department. When the non-socialists took over the government in 1976, he left, but he was offered the job of manager in the Riksdag's Finance Committee by the nonsocialist majority.



This was his first nonpolitical job, and he awakened the respect of everyone by playing the role of a pure civil servant very well.

### "Stubborn"

When the Social Democrats came back to power in 1982, he again entered the political machinery as undersecretary under Kjell-Olof Feldt in the Finance Department with responsibility for, among other things, budgetary matters. He often used his ability to say no, and this earned him the solid reputation for stubbornness among those departments that became acquainted with his red pencil.

There are many stories about this stubbornness. Here is one:

"B.K.", as he is called in the Finance Department, walks into the lunch room where the state secretaries have their weekly meeting and says, "Hello!"

"Did you say 'No'? a quick-witted colleague asks.

After the elections in 1985, he was promoted to wage minister, since the Department of Civil Service Affairs, which until then had handled wage matters, had given in and let the clever negotiators steal the government's shirt, as one negotiator expresses it today.

The world of negotiation welcomed his appointment with mixed emotions, but the positive ones dominated because they thought it was good not to have to detour over the Department of Civil Service Affairs when it was still the Finance Department that decided.

### Total War

Today, a year later, there is total war between the professional negotiators and Johansson. He is accused of being clumsy and of lacking insight into the customs and rules of the world of negotiation.

In the Trade Union Confederation he has been compared to Curt Nicolin, the most stubborn man of the 1970s from the union's point of view.

"Johansson is clumsy," Curt Persson cried out at the government employment office last week.

"He treats us as if we were mentally handicapped and waves his pointer," an old union spokesman added.

"He should have lain low for at least a year to learn the game and to see that unions consist of people of flesh and blood," a professional negotiator said to DAGENS NYHETER.

"But instead he began to prattle like an idiot about there not being any room for wage increases in the public sector. He is hit by the syndrome of appearing



in the mass media all the time just because there is a demand for him."

"Recently he acted as if he were the wage minister for the whole work force, when his mandate does not go any farther than the public sector."

"And then he has a state secretary who doesn't understand anything, either..."

"And then he made the mistake of getting into wage negotiations by appointing a mediation committee much too soon..."

The accusations rain down, and in the Finance Department in the operations room Johansson is sitting and waiting.

His fellow workers tell a completely different story from that of the professional negotiators.

"The negotiators are accustomed to good-natured employers. B.K. is the first person to say right out how things are. His role is to follow a different economic policy in the role of a hard taskmaster. So now they are attacking him personally because they do not want to debate him on the subject."

The truth in this uncertain area will perhaps appear some day. Today one can only ask questions: Does the wage minister not understand union and wage negotiations? Or is he a real tough guy who knows exactly what he wants -- and dares to go get it? Or is he possibly bringing forth the government's hard message all too rapidly?

Inflexible

Considering the information on the wage minister's life and the personality traits described by his colleagues, it is not impossible that the answer is yes to all three questions.

He has not had much union experience; it is limited to membership in the Civil Service Union during his time as a civil servant. On the other hand, he sweats together with union men at the People's Exercise Gymnasium at Folksamhuset every Monday morning at seven o'clock as he has done for years.

He is described as ambitious, efficient, and extremely accurate by those who know him. And also sharp, combative, and quite hard and tough. But this aggressiveness can at time turn into inflexibility; he can close himself off.

In a year's time he has also aggressively presented this message: "Now the time must end when wages and prices chase one another."

He lacks the charisma that makes great statesmen. His aura is more ascetic and excellent. And to cement the impression of excellence he continues to take part loyally in the lowest form of party work. Together with his wife Sonja he even goes around distributing party information in mailboxes in his home in Farsta.

There he lives in a townhouse that contains for the most part books and art.

"He is very well-read," his friends say, and a "fine fellow."

ECONOMIC

TURKEY

BIGGEST TRADE DEFICITS WITH U.S., JAPAN

Istanbul CUMHURIYET in Turkish 11 Sep 86 p 9

[Text] Foreign trade figures for the first 6 months of 1986 have clearly exposed the falsity of views that the substantial decline in exports to Middle Eastern countries has been offset by increases in exports to West European countries, the United States and the Far East.

Although exports to Turkey's largest trade partners, the OECD countries--which include nations such as the United States and the FRG--rose by as much as 51.3 percent in the first half of this year, the trade deficit with this group of countries grew to twice the figure for the corresponding period of 1985. The trade deficit with the EEC countries, which are considered Turkey's traditional export markets, grew fivefold compared to the first 6 months of last year.

The rapid growth in imports from these countries minimized the positive effect on general trade expected from the shrinkage of the country's oil import bill.

According to trade figures for the first 6 months of this year, the country with which Turkey has the biggest trade deficit is the United States. The trade deficit of \$405 million with the United States constitutes 21.4 percent of the country's total foreign trade deficit.

The trade deficit with the FRG, which imported 17.8 percent more from Turkey in the first half of 1986 than in the corresponding period of 1985, reached \$211 million. The trade deficit with the FRG constitutes 11 percent of the total trade deficit.

The shift in trade with Japan to Turkey's disadvantage also contributed substantially to the growth of the trade deficit to a total of \$1.885 billion. The trade deficit with Japan, which amounted to \$269 million in the first half of 1986, constitutes 14.2 percent of the total trade deficit.

What is more interesting is that Turkey's trade deficit with these three countries alone constitutes one half of the country's total foreign trade deficit. Consequently, while exports to these countries--or the OECD which encompasses these countries--grew substantially, faster growth in imports from these countries made the export growth meaningless.

While trade with Middle Eastern countries in the January-June period of 1986 declined by 14.4 percent compared to the corresponding period of last year, imports from these countries shrank by 35.5 percent.

According to figures compiled by ANKA, the trade volume with Iran, Iraq, Libya and Saudi Arabia—which supply a major part of Turkey's oil—declined by 33.5 percent in the first half of 1986 compared to the corresponding period of last year, dropping from \$2,790,800,000 in the first 6 months of 1985 to \$1,856,000,000 in the corresponding period of 1986. However, the trade deficit with these countries dropped from \$459,800,000 in the first half of 1985 to \$140,200,000 this year.

Turkey bought \$1,625,300,000 worth of products—almost entirely crude oil—from the said countries in the first 6 months of 1985. This figure dropped by 47.2 percent to \$857,900,000 in the corresponding period of this year. Exports to these countries declined by 14.4 percent from \$1,165,500,000 in the first half of 1985 to \$998,100,000 in the corresponding period of this year.

Thus while exports to these four countries covered 71.7 percent of the mostly oil imports in the first half of last year, Turkish exports in the first 6 months of this year have exceeded imports from the said countries.

Trade deficit with major countries (January-June, million dollars)

Country -----	1986 ----	1985 ----
United States	-405	-308
Japan	-269	-177
FRG	-211	58
Italy	-180	-54
France	-174	-69
Libya	-99	-282
Britain	-74	11
Iraq	-59	-116
Switzerland	-58	13
Belgium/Luxembourg	-49	-10
Kuwait	-37	7
Holland	-17	3
OECD countries	-1,727	-819
EEC countries	-784	-165

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ECONOMIC

TURKEY

# WARTIME EXPORTS TO IRAN, IRAQ EXCEED \$8 BILLION

Istanbul DUNYA in Turkish 30 Sep 86 p 3

[Text] Ankara--The Iran-Iraq war, which has become the longest war since World War II, has completed its 6th year. Despite declines this year, Turkey's total exports to the two warring sides in the last 6 years has surpassed the \$8 billion mark. In contrast, there was no real increase in imports from these two countries during the same period. Turkey imports about \$1 billion worth of crude oil from these two countries each year.

Turkey's exports to Iraq rose from \$13,480,000 in 1980, the year the war began, to \$961,400,000 in 1985. Meanwhile, exports to Iran rose from \$84,800,000 in 1980 to \$1,078,800,000 in 1985. Officials state that, beside the growth in the quantity of exports to these two countries, the diversification of export products must also be considered a significant development. On the other hand, nearly 95 percent of Turkey's imports from these countries consist of crude oil. Turkey's imports from Iraq dropped from \$1,151,000,000 in 1980 to \$1,136,700,000 in 1985 while imports from Iran rose from \$770,600,000 in 1980 to \$1,264,600,000 in 1985.

The war between Iran and Iraq boosted these countries' imports substantially, and Turkey had its share of this increase. However, last year's sharp decline in oil prices, coupled with the cost of the war, resulted in an economic crisis in both countries. Because of this crisis, Turkey's trade with these countries declined and that decline, in turn, had an adverse effect on Turkey's foreign trade. A comparison of figures for the first 6 months of 1985 and 1986 shows that Turkish exports to Iraq dropped from \$472,600,000 last year to \$363,000,000 this year, while exports to Iran declined from \$482,300,000 last year to \$402,400,000 this year. Paralleling the decline in exports, Turkey's imports from Iraq dropped from \$592,200,000 in the first half of last year to \$422,000,000 in the corresponding period of this year, while imports from Iran declined from \$640,600,000 to \$151,600,000 over the same period of comparison. While the substantial decline in imports from Iran are attributed to Turkey's decision to cut its oil imports from that country in view of the two countries' failure to sign a trade agreement, Iran is continuing its efforts to diversify its exports to Turkey.

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ECONOMIC

TURKEY

BULGARIAN MOTIVE FOR DIALOG PROPOSAL SAID TO BE ECONOMIC

Istanbul MILLIYET in Turkish 23 Sep 86 p 7

[Text] Ankara--It has been determined that Bulgarian President Todor Zhivkov's offer of a dialog with Turkey "is not sincere." It was determined that Bulgaria, which is one of the rare countries with which trade has turned in Turkey's favor, made this offer in view of its loss of Turkish markets.

A steady decline in Turkish imports from Bulgaria, Turkey's decision to "apply the brakes" on its trade relations with its neighbor since last year and the halting of electricity purchases from Bulgaria have had a negative effect on the Bulgarian economy.

According to the assessments of the Foreign Ministry, Bulgaria has a trade deficit with the Soviet Union and other socialist countries. It also has a trade deficit with European countries to which the highest quality Bulgarian agricultural products are sold. The only countries with which Bulgaria has a trade surplus--about \$1 billion--are the Third World nations. Moreover, the Soviet Union has complained about the low quality of Bulgarian products.

Noting that Zhivkov was forced to propose a "dialog" with Turkey because of these reasons, Foreign Ministry officials said:

"Turkey and Bulgaria have no outstanding issues to discuss other than the repression of the 1 million Turkish residents of Bulgaria. If there will be talks between Sofia and Ankara then the only item on the agenda will be this issue which deeply interests the Turkish minority in Bulgaria.

"As long as this matter is not resolved, there can be no discussion about developing relations and expanding trade between the two countries. Even so, however, we are prepared to discuss any issue.

"Zhivkov must state openly and publicly that the question of the Turkish minority will be discussed. Otherwise, his statement remains far from being sincere."

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ECONOMIC

TURKEY

#### MASTER PLAN FOR SEE PRIVATIZATION CRITICIZED

Istanbul DUNYA in Turkish 23 Sep 86 pp 1,9

[Article by Professor Mustafa A. Aysan: "The Master Plan for SEE Privatization Does not Offer Solutions"]

[Text] The "Master Plan for the Privatization of Turkish SEEs [State Economic Enterprises]," which we had been awaiting since January 1986, has been made public. The Master Plan enumerates our problems related to the SEEs, and instead of proposing solutions to these problems, it tells us:

"Find yourselves four good consultants; let them solve these problems."

This Master Plan, which was prepared by the Morgan Guaranty Trust Bank, one of the largest commercial banks in the world, has disappointed everyone connected to the matter. This article will attempt to examine the reasons for this disappointment.

The Master Plan gives the impression that privatization is a goal in itself. In fact, it is because of this erroneous approach that the report ends with some traditional proposals of little value. It is now understood that this erroneous approach stems from the letter circulated by the State Planning Organization requesting bids on the project. A good consultant should have stated in its report that the principal objective is not privatization. The report's failure to mention this point means that the Morgan Guaranty Trust experts see privatization as a goal in itself.

We believe that the principal objective of privatization is to increase the SEEs' efficiency and productivity in time and thus to minimize costs. Privatization is "good" or "bad" to the extent that it serves this principal objective. The Master Plan does not even address this issue. That being the case, it is not clear when the privatization of SEEs would serve this principal objective and when it would not.

It is known that there are very efficient and productive state-owned enterprises as well as very inefficient and unproductive but very profitable private enterprises around the world. In Turkey (in fact in all countries in the world) low efficiency and productivity in the SEEs is one of the main problems. This basic problem has various causes. Privatization may have very harmful results if these causes are not resolved and productivity is not



improved. One of the most damaging of these harmful results is the reversion of the privatized corporation to the state with heavier burdens in the years following privatization. It is evident from previous cases that such a prospect may place heavy burdens on the government. The Eregli Iron and Steel Works and the Karadeniz Copper Corporation are representative examples of such a prospect which may straddle the government with heavy costs. These precedents must be studied, and measures must be taken to prevent small savers from returning their SEE stock to the government a short time after privatization.

How can SEE stock certificates be made more attractive to buyers? Should profit dividends be guaranteed at the time of initial offering? Which corporations, which buyers and what periods should dividends be guaranteed for? How can future governments be prevented from withdrawing these guarantees? How can the purchasing power of the small savers' capital be protected?

In order to privatize SEEs by the sale of stock certificates and to ensure the durability of privatization, many questions similar to the ones enumerated above must be answered.

The principal causes of the low efficiency of the SEEs include: the inclination of politicians and central government officials to interfere with the decisions of the SEE business managers (in fact, in many cases they make basic policy decisions rather than the managers); frequent reassignment of the managers to different positions; a flawed auditing system which does not work even as it causes weariness among the managers; and the lack of a "Shareholders' General Assembly." Even if the SEEs can be privatized by selling them whole or in parcels, such a privatization would not be durable without resolving these problems. The Master Plan drafted for the privatization of the SEEs should have suggested ways of solving these problems. The Morgan Guaranty's Master Plan proposes privatization after the solution of these problems rather than suggesting a basis for resolving the problems that afflict all the SEEs. This is because the authors of the Master Plan have chosen the wrong goals and the wrong priorities. This erroneous approach must be corrected and the SEEs must be privatized each on its own merit in accordance with the suggestions outlined below:

1. The purpose of privatization is to increase efficiency and productivity in the SEEs--not "to increase competition in the country" as the Morgan Guaranty Master Plan suggests. The SEEs are expected to become more efficient after privatization for the following reasons:

a) There will be fewer opportunities for politicians and politically-motivated bureaucrats to interfere in the work of SEE managers.

b) SEE managers will be able to make independent decisions on investments and finance.

c) SEE managers' expectations of receiving material aid from the government in times of hardship will decline over time.

d) SEE managers will learn in time that in order to win financial support in money and stock markets they will have to persuade investors in these markets that their work will be productive. They will have to persuade these investors that they will provide them the best return on their investment. In doing that they will do their best to increase efficiency in their operations; they will know that they will be replaced if they fail.

e) SEE managers will be forced to assure the consumers that they are offering the highest-quality products at the lowest price, and they will increase efficiency in trying to accomplish that.

2. To this end, each SEE (with limited responsibilities) must be privatized in accordance with the following procedures:

a) They should first be turned into joint stock corporations in accordance with the Turkish Trade Law; their capital should be divided into small portions and should be quoted in the Securities Market.

b) The joint stock corporations to be formed must publish balance sheets and profit-loss statements relevant to the assets mentioned in the balance sheets in simple and easily-understood pamphlets. The firms' most recent annual reports, if any, must be printed and distributed in large numbers.

c) Measures must be taken to maximize the number of stock buyers.

d) All the revenues earned from the sale of stock certificates must be recorded as income to the Treasury, thus benefiting all the taxpayers who provided the capital for the SEEs before privatization.

The failure of the Master Plan to suggest practical solutions on the issues outlined above is probably the primary cause of the aforementioned disappointment. The Master Plan assumes that most of these solutions will be proposed by new consultants who are recommended to be foreigners. The truth is that the issue of the privatization of the SEEs, whose social and political aspects are as important as its economic dimension, does not involve questions that can be addressed by foreign experts. The characteristics of the technical procedures that may play a role in the sale of a corporation can be found in textbooks. It is obvious that the implementation will be carried out by SEE employees and the Turkish government.

What needs to be done now is that this Master Plan--as well as other SEE-related reports prepared by other foreign institutions--be debated in seminars to be attended by Turkish and foreign experts and that the best alternatives be sought for the Turkish economy during these debates.

ECONOMIC

TURKEY

#### CIVIL SERVANTS TO RECEIVE PAY INCREASE

Istanbul HURRIYET in Turkish 23 Sep 86 p 4

[Report by Yavuz Gokmen]

[Text] Ankara--The basis of the salary increases to be given to civil servants in 1987 was determined during the discussion of Turkey's 1987 fiscal year budget and government program. It is reported that in 1987 civil servants' salaries will be increased by around 25 to 30 percent, reflecting adjustments in the civil service pay scale coefficient, fuel allowance, supplementary payments and the cost-of-living index, and that this figure could reach as high as 30 to 35 percent for some categories of civil servants. It was also agreed that "housing assistance" not be included in the determination of the salary increase. It is reported that if the housing allowance were to be included in the salary increase, the net salary of the civil servants would decline by 8 to 10 percent. Speaking about the budget and program work of the government and senior economic officials, a government official told HURRIYET:

#### 'Coefficient Lost Its Importance'

"In the determination of the salary increase to be given to civil servants in 1987, the civil service pay scale coefficient has lost its importance. The coefficient is a vehicle. In addition to the coefficient, fuel allowances, the supplementary pay coefficient and the cost-of-living index will be taken into consideration. In principle, at the beginning of 1987 a salary increase of about 15 to 17 percent will be given, reflecting adjustments in the pay scale coefficient, fuel allowance and supplementary pay, and in the second half of the year a cost-of-living index adjustment will be added to the coefficient, fuel allowance and supplementary pay coefficient adjustments, and the second part of the salary increase will be paid. What this means is that the civil service pay scale coefficient will not be kept as high as it was before. However, what is important is not the coefficient or other indexes, but the net amount of the increase.

"The inflation rate will be held at around 25 percent in 1986. This figure is expected to remain at 20 percent in 1987. The budget will be drafted on the basis of these figures. This means that the salary increase to be given is 5 to 10 percentage points above the inflation rate. In fact, with the cost-of-

living index adjustment, some civil servants will receive a 'year to year' raise of over 30 percent in the second half of the year. As a result, in 1987 civil servants will not lag behind inflation."

Another official stated that "the issue of whether to include the housing assistance in the salary increase was discussed, but it was realized that the civil servants would suffer because the money they would not receive in cash would be considered a salary increase. Stating that "the work on the index is still incomplete and has not yet been submitted to the Prime Minister," this official said: "If the Prime Minister approves a higher civil service pay scale coefficient which will facilitate a larger increase, then the salary raises can be even higher. However, no one should expect any increase that is more than reasonable."

However, economic observers noted that these assessments are made on the assumption that the inflation rate will be lower than 20 percent and that the salary increases given to the civil servants would be meaningless if--like this year--the inflation rate is not cut next year.

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ECONOMIC

TURKEY

## IMPACT OF CREDIT INTEREST HIKE

Istanbul DUNYA in Turkish 22 Sep 86 pp 1,11

[Report by Emine Munyar]

[Text] The continuing shortage of Turkish currency and the sluggish growth in new bank deposits have forced the banks to raise interest rates on credit by 2 to 4 percentage points. Banks which have decided to raise their credit interest rates are pursuing two different tactics in this regard. While some banks have increased their nominal interest rates, other banks have raised effective interest rates on their loans by ending their "preferred contract interest rate" programs while keeping their nominal rates the same. Private banks such as the Construction Bank and the Import Export Bank have raised their nominal credit interest rates by 2 percentage points. Meanwhile, banks like Akbank, Yapi Kredi Bank, Pamukbank and Garanti Bank have not explicitly increased their nominal interest rates, but by minimizing their preferred interest rate programs they have effectively raised their interest rates by 2 to 4 percentage points.

Noting that the shortage of Turkish currency continues and that there has been no significant increase in bank deposits in the last 3 months, bankers insist that a hike in credit interest rates was inevitable in the face of this imbalance between supply and demand. Meanwhile, industrialists underscore the need to reduce credit interest rates and expressed resentment with regard to this latest move by the banks. The rising trend in credit interest rates, which began to spread in the last 2 to 3 weeks, has pushed up the interest rates by 2 to 4 percentage points. With the new increases in interest rates, the banks are charging interest rates of 60 to 65 percent on their loans, but the actual cost of credit has risen to the range of 75 to 100 percent.

### Industrialists React

Turkish Union of Chambers and Exchanges [TUCE] President Ali Coskun and Turkish Industrialists and Businessmen's Association [TIBA] Deputy President Omer Dinckok expressed resentment at the developments. TUCE President Coskun said that he cannot see the sense in this decision by the banks at a time when credit interest rates must be lowered. He continued:

"We do not approve and we oppose the banks' decision to raise credit interest rates. In today's circumstances, credit interest rates need to be lowered.



It appears that under present circumstances the inflation rate will remain under 30 percent. In fact, the inflationary trend is such that we may go into 1987 with an inflation rate of 25 percent. Unless unexpected fluctuations occur in world economic conditions, inflation appears to be under control. This being the case, keeping the interest rates at above 50 percent is contrary to the present economic approach. If it is true that the banks are raising credit interest rates at a time when they definitely need to be lowered, such a move would have an extremely negative effect on industrial growth and investment patterns. Moreover, such a move would upset the desired balances at a time when economic stability is needed more than ever and would create a bad impression both at home and abroad. It is hard to comprehend such a move by the banks. If the banks' pretext for raising interest rates is the shortage of Turkish currency and sluggish deposit growth, then they can use the foreign currency in their reserves to pay for imports and convert them into Turkish currency. That way, they can relieve some of the effects of the Turkish currency shortage."

Stating that credit interest rates in real terms are very high and that the rising pattern is continuing, TIBA Deputy President Omer Dinckok said: "Assuming that the inflation rate is around 30 percent, credit costs of 75 to 80 percent indicate a very large real difference. The government's reliance on the money market to finance its investments and its policy of forcing banks to buy government debentures is diminishing the credit resources available for the private sector. The increase of 2 to 5 points in credit interest rates in recent weeks is an indication of this situation." Dinckok added that industrial production is adversely affected by these developments.

#### Inflow of Deposits Shrinks

The shift of savings to domestic public borrowing instruments and other securities is seen as the leading factor preventing growth in bank deposits. Noting that as a result of the government's borrowing policies the difference between interest rates on bank deposits and yields on treasury bonds and government debentures has been growing, the bankers explained their grounds for raising credit interest rates by saying: "Because of this situation, the flow of deposits into the banks shrank. When a commodity is scarce its price goes up." In view of these developments, if an interest rate of 60 percent--described as the lower bound--is charged on a loan, the effective cost to the borrower will be around 75 to 77 percent. If the upper bound of 65 percent interest is charged on the loan, the cost of the loan may go as high as 100 percent.

If a bank charges 60 percent annual interest on a loan to its customer, the Resource Utilization Fund assessment of 10 percent of the interest (for loans secured by bonds), the 2-percent bank commission, the 3-percent banking and insurance processing tax on interest and commissions and the 7 to 8 percentage point additional cost incurred by quarterly capitalization (since the interest on the loan is collected every 3 months, the repetition of the process every 3 months incurs an additional cost, known as the capitalization cost, on the customer) raise the cost of the loan to 76 to 77 percent. If an annual interest rate of 65 percent--the current upper limit on credit interest rates--is charged on the loan, the 2-percent commission, the 10-percent



Resource Utilization Fund assessment, the 3-percent banking and insurance processing tax on interest and commissions and the quarterly capitalization cost increase the effective cost of the loan to 99.7 percent.

An administrator of a large private bank said: "The people's savings are flowing into other instruments because the competing instruments are very attractive. In an environment where bank deposits are declining, the banks resorted to raising interest rates." The same bank official added:

"Previously, the lowest limit on interest rates was 50 percent and the upper limit was 65 percent. Those who were charging between 50 and 60 percent interest raised their rates by 2 to 4 percentage points. I do not think that the 65-percent upper bound will be raised. That is because the customer who is lent money at 65 percent is a marginal and risky customer. Consequently, that figure will not be increased. The rise in credit interest rates in contrast to several reductions in deposit interest rates during the year is primarily the result of capital flight from the banks and the absence of new deposits. The total deposits of the 7 large private banks rose by only 83 billion Turkish lira in the 3-month period between 16 May and 15 August. In other words, during that period deposits rose by 2 percent from 3.949 trillion Turkish lira to 4.032 trillion Turkish lira. A rise of 2 percent is insignificant and, in fact, reflects a decline in real terms."

#### 'When a Commodity is Scarce, Its Price Goes Up'

Stating that "when a commodity is scarce its price goes up," the director general of another bank noted that until recently there were banks which lowered credit interest rates to 50 percent and lower. He added: "Nowadays, all banks have raised their credit interest rates to over 60 percent." The same banker outlined the latest developments as follows:

"The banks' demand for Turkish currency has increased while there has been no significant increase in bank deposits. When a commodity is scarce its price naturally goes up. Given this situation, we see that credit interest rates have risen by 2 to 4 percentage points. Banks which were charging 60 percent interest on loans are now charging 62 to 63 percent. Our bank is charging 63 percent interest on 1-year loans. Of course, this is effectively costing the customer nearly 80 percent. Interest rates on foreign currency-denominated loans are still low--48 percent or even lower. In the coming days, particularly after the elections, the government is expected to implement a tighter monetary policy. Since this will result in the withdrawal of money from the market, credit interest rates may rise by another 1 to 2 percentage points."

#### 'Contract Interest Rate' Practice Minimized

The director general of a large private bank whom we consulted on the issue said that his bank has not increased the nominal interest rates on its loans but has ended its "preferred contract interest rate" practice for its selected customers and added that some other banks have also opted for this tactic. This banker said that this action has raised the cost of credit to firms

benefiting from preferred rates by 3 to 4 percentage points and that this action will affect 25 to 30 percent of the bank's loans. Stating that "the entire problem hinges upon the government's budget deficit," the banker said:

"Forced to cover its budget deficit, the government is continuing its policy of domestic borrowing through treasury bonds and government debentures. In other words, it is unable to lower the interest rate on these instruments. Since it cannot do that, it must seek less expensive means of borrowing. Trying to raise revenue by collecting taxes may be a more sound solution."

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ECONOMIC

TURKEY

OFFICIAL DISCUSSES LAND DISTRIBUTION PREPARATIONS

Istanbul MILLIYET in Turkish 22 Sep 86 pp 3,7

[Report by Samil Tayyar]

[Text] Ankara--The Land and Agricultural Reform Director General Metin Kumal disclosed that lands whose distribution was halted in Urfa will be leased.

According to information given by Kumal to MILLIYET, while lands whose distribution was halted in the Harran region will be leased, peasants whose lands were nationalized in excess of the established norms will have the excess amount returned. Distribution of irrigated land in the Ceylanpinar region will begin in January. Persons who will be given land by this program are required to be literate, not handicapped in any way and less than 65 years old.

Stating that the distribution of previously nationalized dry lands will not resume before 1992, Director General Kumal said that in the meantime these lands will be irrigated by the government and leased to farmer families with little or no land.

Kumal said that after the land is irrigated it will be registered in the names of qualified applicants in accordance with the land distribution norms established. He said:

"The State Hydraulic Affairs Directorate General has stated that the irrigation of the Harran region will begin in 1992. That is because the Urfa Tunnel will open for irrigation in 1992. In view of that situation, we will begin to distribute land in Harran after 1992. If the Urfa Tunnel is opened for irrigation before 1992, we can begin distributing land earlier. Until then we will lease the lands in Harran. We will not distribute land."

Kamul also disclosed that peasants whose lands nationalized in excess of the established norms will have the excess lands returned. Stating that work for land return procedures is under way, Kumal said that the land return process will be completed by the end of this year. Kumal said with regard to land returns:

"We are beginning to return land outside the area which cannot be irrigated before 1992--that is outside the Harran region. We will return land to those who were left with plots smaller than the established norms."

#### Land Distribution in January

Kumal said that preparations have begun for land distribution in the Circiplak area of Ceylanpinar and that actual land distribution will begin in January if the formalities are completed in normal time. Kumal stated that around the beginning of October, citizens will be handed out land request forms which they will have to fill and submit to the Land Reform Directorate General in at most 2 months. Kumal added that land distribution procedures will begin after the information on the forms is processed by computers.

#### Conditions

According to information given by Director General Kumal, to qualify for land grants by distribution program, applicants must be Turkish citizens, literate and heads of families. The successful applicants are also required not to have any "physical handicaps" which may impair their ability to engage in farming and to be less than 65 years old. Persons who were given land previously in other land distribution programs and lost it or whose land was repossessed for legal reasons will not be qualified to apply for land this time.

Kumal added that factors such as the applicant's education, agricultural knowhow, number of children, time of residence in the area and condition and ability to run a corporation will also play a role in "preferences."

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ECONOMIC

TURKEY

# RAILROAD INDUSTRY SEEING TECHNOLOGY UPGRADE

Istanbul DUNYA in Turkish 30 Sep 86 p 3

[Report by Nurhan Yonezer]

[Text] Ankara--The continued use of outmoded technology in manufacturing in the railroad industry and the aging of the locomotives currently in use has created serious bottlenecks in the railroads' operational capacity. A technological upgrade is planned for the railroad industry to overcome this bottleneck and to improve railroad safety. The projects for this drive will first be implemented in the Adapazari Railcar Factory and the Eskischir Locomotive and Engine Factory. Foreign investors will participate in the effort to help these factories use advanced technology in their manufacturing.

Following years of neglect for the modernization and rehabilitation of the railroads, the railroad industry is still using outmoded technologies in its manufacturing processes. Because 60 percent of the existing railroad tracks are more than 30 years old, trains have to travel at reduced speeds which results in higher costs.

In view of inadequate signaling systems in 60 percent of the railroads, the incidence of accidents on railways is high. Currently, 85 percent of all railroad transportation is done by diesel electric locomotives, 10 percent by steam-driven locomotives and the rest by electric locomotives--mainly on suburban commuter lines. The steam-driven locomotives, all of which are more than 35 years old, need to be put out of service immediately. It is also reported that 30 percent of all freight cars and 40 percent of passenger cars have lived out their economic usefulness.

Stating that Turkey will buy new technology, officials said that talks on this issue are under way with the most advanced countries and firms. Stating that U.S. and European firms are eager on the issue of partnership, the officials said: "There is intense interest on this issue. Work on this issue will begin as soon as we determine the countries and the firms whose partnership can be useful. Within this framework, the best system will be selected, and steps will be taken to enable the railroad industry to manufacture using advanced technology."

## Railway Transportation to Be Encouraged

Meanwhile, the municipalities' practice of individually inviting bids for railway transportation equipment is seen objectionable on grounds that they may create bottlenecks in the long run. To resolve this problem, meetings will be held with municipality heads in the coming months to induce them to fill their railway transportation needs from the Adapazari Railcar Factory. During these meetings municipalities will be asked to end their practice of inviting bids individually. The officials stated that by persuading the municipalities on this issue, they will try to create demand for the railway transport vehicles manufactured by the Adapazari Railcar Factory.

Speaking to DUNYA in this issue, the officials pointed out that imported railway transport vehicles will be junked after a certain time because there are no repair and maintenance facilities for them in Turkey. They added that to prevent that situation, the factory in Adapazari will manufacture as well as repair and maintain its vehicles and supply their spare parts.

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ECONOMIC

TURKEY

#### MODERNIZATION INVESTMENTS IN STEEL INDUSTRY

Istanbul DUNYA in Turkish 23 Sep 86 p 7

[Text] Izmir--The continuing crisis in the iron and steel industry is forcing the producing firms to seek various solutions. While trying to expand their export opportunities, the firms are also emphasizing renovation and modernization investments. In an effort to minimize the impact of the crisis, METAS [Izmir Metallurgy Factory Corporation], the first private steel manufacturer in Turkey, is continuing its investments to acquire the latest technological innovations in the sector.

METAS Executive Council President Haluk Ozsaruhan stated that the multifaceted crisis experienced in the steel industry will continue in the coming years and that the producing firms must move toward more efficient and economic production methods. Noting that this can only be accomplished by keeping up with technological developments, he said that his firm has always preferred this course. Stating that renovation and modernization investments for this purpose are continuing, Ozsaruhan said the following about these investments:

"The steel industry is experiencing a global crisis. Consequently, the producing firms are coming up with new innovations every day. On our part, we are keeping up with the latest technology as we have done for many years. To this end, we will use the previously installed Japanese-developed jet arc system to produce oxygen and argon. We used the same system to implement a smoke suction system, the first of its kind in Turkey. We are thus preventing environmental pollution."

'Annual Production Capacity to be Raised to 450,000 Metric Tons'

Stating that most recently his firm decided to realize a new joint investment with the German firm, Krupp, Ozsaruhan said that this investment will increase METAS' annual production capacity to 450,000 metric tons. Ozsaruhan said:

"This investment will help us to import a brand new technology to Turkey. This technology, which encompasses the preheating of scrap iron with flu gases before it enters the furnace, will facilitate savings in energy and increase production. Thus, our steel production capacity will rise to 450,000 metric tons from its current level of 400,000 metric tons. There are a number of

other areas where we are planning or have decided to invest. One of these areas is the bottom casting system. Another area of planned investments is the system of reducing the steel after it is molten. We are planning to complete all these investments in the first months of 1987. In addition, we have bought a rolling mill with a capacity of 90,000 metric tons to increase our rolling capacity. We will begin production at the end of this month. Our investments will not end there. Our renovation and modernization investments will continue with the same pace after 1987."

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ECONOMIC

TURKEY

# ECONOMIST DISPUTES STATISTICAL INSTITUTE GROWTH FIGURES

Istanbul CUMHURIYET in Turkish 20 Aug 86 p 9

[Article by guest writer Arslan Besir Kafaoglu: "Surprise GNP Calculations"]

[Text] When we learned the details of the national income and growth rate estimate (or, more correctly, manipulation) released by the State Statistical Institute [SSI], it became clear how far these calculations may be wrong. For one thing, a 7.8-percent increase in income is no run-of-the-mill increase. If a country achieves a 7.8-percent increase in income, such an increase is immediately reflected in the economic and social life of that country; even if the distribution of income is as bad as in South Korea, business proceeds smoothly, more use is made of productive investments, bond repayments are not dishonored, and stocks and shares are bought and sold like hot cakes.

What is happening in our country is exactly the opposite. There is decreased use of productive investments (fertilizers, for instance), more than twice as many bonds have not been honored on time as happened last year, truck and tractor sales are down, and dealings in stocks and shares are at a standstill on the Stock Exchange. To say "there is rapid economic development" when the masses have not idea of what is going on and when they have received no relief, amounts to consciously stepping beyond the limits of reality.

In agriculture, farming and stockbreeding incomes appear to have increased 7 percent. This, on the basis of the figures on hand, is an impossibility. All faith is pinned on the estimate that wheat production has risen from 17 million to 19 million tons. The truth is that nobody believes that wheat production was 17 million tons in 1985 or that it has reached 19 million tons this year. Even if we ignore last year's wheat imports, which exceeded exports, we have to accept that every individual in the country has consumed 340 Kilograms of wheat in a year. This average "individual" also includes children up to the age of 2, who constitute 7 percent of the population, and diabetics and old people under medical care. Even this figure is considered insufficient for this year, and the figure for the per capita consumption of wheat is raised to 360 Kilograms. Furthermore, we know for a fact that even SSI and State Planning Organization experts, in their more serious calculations, discount such statistical data by 10-15 percent (where agricultural produce is concerned). What is more, wheat is not the sole determining factor in Turkish agriculture. Even with its present exaggerated status, wheat accounts for 12-15 percent of

agricultural output. The statement that farming and stockbreeding have achieved a 7-percent increase in income hangs in midair in view of the great losses in stockbreeding in the winter of 1985-86 and the sort of large-scale slaughter of poultry in the spring of 1986 that made news in the press. And this at a time when it is known that the situation is also bad for citrus fruit and olives as a result of frost.... Another point that drives us to regard the agricultural estimates as suspect arises from the fact that the SSI officials had the audacity after last year's drought to announce a 2.7-percent growth in agriculture --an important figure for agriculture. To go by these estimates of the SSI, one must believe in the hypothesis that agriculture can achieve a rate of development rarely seen anywhere in the world even if weather conditions are adverse and even if little fertilizer is used on the land.

It is impossible to comprehend the 10.7-percent increase in industry, because statistical experience shows that in countries with a rapidly growing population and a high rate of urbanization, the production of electricity, gas, and water leads industrial growth by a large margin. Yet, the calculations provided by the SSI show a 10.3-percent growth rate for manufacturing industry and a mere 12-percent for the electricity, gas, and water sector. If, in a country like ours, where the population is increasing and the cities account for a growing proportion of the population--that is to say, the direct consumption of gas, electricity, and water is growing rapidly--there has been an increase of a mere 12-percent in this subsector, then there cannot be a 10.3-percent increase in the manufacturing industry. (\*)

Once manufacturing industry and agricultural incomes are booster in this disproportionate and inordinate manner, then construction, import duties, and state services have to pay the price. The provability? of data in these sectors is easier. Therefore, care has been taken to avoid artificially boosting these subsectors and sectors.

And so, look at what has happened:

--Despite all the boasting, the construction industry's share of the national income--which was actually expected to rise-- has fallen from 5.5 percent to 5.3 percent (and this in spite of the explosion of housing construction about which Ozal boasts at such length).

--At a time when banking is booming, the share of banking services in GNP has fallen from 3 percent to 2.9 percent.

--It is striking that while imports have been increasing so much and the increase in terms of Turkish liras is up in the region of 35 percent, the share of the import duty has not increased at all (static at 2.3 percent).

--Despite the announcement of horrific increase in surcharges for various funds and taxes that meet the current expenditures of the state, the share of state services has fallen from 9.6 percent to 9.3 percent.

Could you imagine that statistician would believe--and try to make us believe, too--that the share of the construction industry and banking services in GNP

has fallen, this year of all years, that state services have been reduced in an election, year, and above all that taxes on imports have remained the same at the same time as an explosion occurs in imports.

We cannot be so naive as to believe those who make these estimates. There is a further curiosity: a growth in manufacturing and mining of 14 percent and 10.3 percent, respectively, with trade income keeping out of step with them by stopping at 9.6 percent. The truth is that for each 1 percent of industrial development in a country like Turkey, the growth in trade income cannot be less than 1.2 percent.(\*\*) As can be seen, the 1986 national income estimates hardly stand up to even a cursory glance. Who can believe, of all things, that the share of rents in the national income is going down at a time when rents are soaring out sight?

(\*) In fact, in conformity with this compelling reason, last year the growth in the electricity, gas, and water subsector whas shown as 11.6 percent against an increase of 5.7 percent in the manufacturing industry. The new SSI establishment, however seems untouched by such niceties.

(\*\*) This rule has been more or less observed in 1985. the growth in the manufacturing industry is 5.7 percent and in trade income 6.5 percent.

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ECONOMIC

TURKEY

#### OUTWARD-ORIENTED GROWTH MODEL DEVELOPMENT EXAMINED

Instanbul CUMHURIYET in Turkish 20 Aug 86 p 9

[Article by Necmi Celik: "An End of Outward-Oriented Growth?"]

[Text] For the first time since the 24 January decisions were taken in 1980, there will be a drop in the ratio of exports to the national product. A tendency for exports to stall in a year when the rate of growth of Gross National Product approaches the highest level in 10 years raises the question of whether "the Ozal economy"--which has taken exports as the engine of economic development --"has run its course."

According to figures released by the State Statistical Institute [SSI], Turkish exports, which had risen in value up to 15 percent of GNP in 1985, will go down to about 13 percent in 1986. The drop in exports in relation to GNP to below the level of even 1984, the first year of the Ozal administration, makes the change in the structure of the national product more significant.

The fact that the 1.7-percent increase in the agricultural sector has played an important role in the estimated 7.8-percent rate of growth in 1986 and that, conversely, the share of exports--the locomotive of the current economic policies --has dropped in the growth of the national product constitutes a development that is regarded as a powerful sign of a setback for the Ozal economy.

The share of exports in GNP followed a natural rising curve during the first 5 years after the 24 January decisions, which aimed at a policy of developing the national economy by integration with the international economy as a basic principle. The ratio of exports to GNP was 5.2 percent in 1980 and rose to 15 percent in 1985. In other words, the share of exports in GNP tripled during the period in question.

The effect of exports on the growth of the national product continued at an accelerated rate also in the first 2 years of the Ozal administration, which emerged as the "true practitioner" of the 24 January economic policies. In 1984, the first year of the Ozal administration the share of exports in GNP rose by 3 percent over the preceding year to 14.2 percent. In 1985, it reached a peak of 15 percent.

In 1986, however, when the balance of foreign trade began to present an increasingly unfavorable picture, exports--the basic engine of development--



began to show a tendency to fire on one cylinder and consequently to have a diminishing effect on the growth of the national product. The earnings from abroad included in GNP calculations, too, decreased to less than 541 billion lira in constant prices. In view of these developments, the increase in agricultural production and in industrial production--the latter largely due to the an invigorated domestic market--have become the most effective elements for the growth of GNP.

In consequence, a high rate of development driven by the increase in domestic demand has emerged.

In an environment where in the foreign markets were drying up one after another and, in sharp contrast, the domestic market was becoming attractive, the system created a balance of its own despite Ozal's strategy of outward-orientation. While turning away from demands for export credits, banks began showering industrialists with credits to finance the growing activity in the domestic market. The quadrupling of the volume of credit in the first 6 months of the year confirmed this tendency. With the transfer of bank resources to the industrial sector largely with the aim of turning the wheels of production, the moaning and groaning of the industrialists given to weeping during Ozal's initial years in power came to a halt.

In contrast, in 1986 the sound of wailing rising from the exporters, who have missed out on the benefits of the current increase in domestic demand, has replaced their happiness in preceding years when exports were rising.

The outward-oriented growth model has turned into an "inward--looking" model in the third year of the Ozal government. The fact that wholesale and retail trade is given as one of the fastest growing sectors, with a growth rate of 9.6 percent in the first growth estimates of the SSI, points to a move toward an "inward-looking" growth model.

The most influential element in the rise of the growth rate for the industrial sector, estimate at 10.1 percent, is once again the increase in the manufacturing industry. An Istanbul Chamber of Industry [ICI] survey of the growth of the manufacturing industry discloses that the highest increase in output has been in such branches as white goods, [aspublished] automobiles, and heavy construction materials where domestic demand has increased and which bolster the tendency toward consumption.

In the electrical goods industry, which leads with a growth of 38 percent, the lion's share goes to the group consisting entirely of such consumer goods as TV sets, video recorders, radios, and music center sets. On the other hand, the five-fold increase in production registered in the first quarter of 1986 compared with last year in such branches as refrigerators and washing machines, where domestic demand is at its most intense, also provides an idea as to what sustains the momentum of GNP.

The SSI and the ICI used the results of the same survey in determining the growth rate of the industrial sector. Therefore, the ICI indices of manufacturing industry growth in the first quarter are able to identify the basic sources

that are sustaining the growth rates, estimated as 7.8 percent for GNP and 10.1 percent for the industrial sector. Thus, for instance, the automotive industry, which showed a negative growth rate of 6.5 percent in the first quarter of 1985, has reached a positive growth rate of 10.2 percent in the corresponding period this year.

The heavy construction materials industry, for which the house-building sector constitutes the main source of demand--a sector which has witnessed rapid price increases--provided a striking display of development by achieving a growth rate of 17.4 percent compared with a negative growth rate of 5.4 percent last year.

While the rapid increase in production in the industrial sector, mainly in response to revived consumer demand, is proving effective in the growth of GNP, it is also regarded as a development which intensifies inflationary pressures.

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CSO: 3554/02

ECONOMIC

TURKEY

BRIEFS

JOINT MINERAL EXPLORATION WITH JAPAN--Joint Turkish-Japanese mineral exploration work is continuing in the Kocadal village of the Torul county in Gumushane. According to information obtained by the Anatolia Agency correspondent from officials, the exploration work is being carried out jointly by the MTA [Mining Research Institute] and the Japanese State Research Organization, JICA. The mineral exploration work which was begun last year with a \$1.5-million grant from Japan will continue for 3 years. JICA is supplying the equipment and technology needed for the joint mineral exploration work. [Text] [Istanbul MILLI GAZETE in Turkish 12 Sep 86 p 8] 9588

BUSINESS PROTOCOL WITH PAKISTAN--The Pakistani Federation of Commerce and Industry Chambers and the Turkish Union of Chambers and Exchanges [TUCE] have signed a protocol envisaging the establishment of a Turkish-Pakistani Business Council. TUCE President Ali Coskun said: "As the support of brotherly Islamic countries increases, Turkey will expand its strength among European countries and will become a bridge between Europe and Islamic countries." After completing its contacts in Izmir and Ankara, the Pakistani Federation of Commerce and Industry Chambers delegation came to Istanbul to hold talks with Turkish businessmen. Speaking at the signing ceremony for the protocol at the Sharaton Hotel yesterday, TUCE President Coskun said that the ties between Turkey and Pakistan go beyond friendship and that they must be strengthened even further. He added: "The trade volume between Turkey and Pakistan varied between \$20 and \$50 million in recent years. This figure will probably be around \$30 million this year. However, difficulties encountered in shipping, banking and communications between the two countries must be overcome." The President of the Pakistani Federation of Commerce and Industry Chambers, Aziz Zulfikar, said that after his contacts in Izmir and Istanbul he came to the conclusion that they were too late to come to Turkey. He said that the products displayed at the Izmir Fair and OTIM have "a good chance of being marketed in Pakistan." It was also decided to hold the Turkish-Pakistani Business Council's meeting in Pakistan next year. [Text] [Istanbul DUNYA in Turkish 22 Sep 36 p 11] 9588

CSO: 3554/39

MILITARY

PORTUGAL

# PROSPECTS OF RENEGOTIATING LAJES BASE AGREEMENT DISCUSSED

Lisbon SEMANARIO in Portuguese 13 Sep 86 p 5

[Article by MD]

[Text] Everyone in Portugal always wants to renegotiate everything. Therefore, no one makes too great a connection between the promises or proposals for the renegotiation of an international treaty with a political agreement or a collective bargaining arrangement.

And then, in the government, the PSD is the expert on renegotiations above all since, and quite rightly, moreover, it has a number of times demanded a revision of the pact which the Central Bloc sponsored.

Even so, the promise by Prime Minister Cavaco Silva that the Lajes agreement will be renegotiated on terms more favorable for Portugal than those obtained under the prevailing socialist administration, caused a sensation.

As is known, the agreement in effect is not fully satisfactory to Portugal, and specifically, to the Autonomous Azores Region.

On the other hand, whether in financial terms or in terms of military support, Cavaco Silva's government has precise ideas about what the U.S. is seeking to achieve.

Thus the idea of renegotiation comes at a good time and is praiseworthy, and may demonstrate the efficiency of the government and may go against the legitimate aspirations of the Azores. Would that its realization might confirm the expectations aroused. And furthermore, that it not take too long.

In politics there is a proper time for all measures, even those which depend on third parties. The present government, lacking political strength because it is a minority government, has nonetheless revealed a healthy desire to do its duty.

The prime minister has shown courage in facing up to the weaknesses inherent in the government formula adopted. He will proceed with the renegotiation of the Lajes agreement, certainly and successfully. We have no doubt of that.

5157  
CSO:3542/2

MILITARY

SPAIN

#### REDUCTIONS ANNOUNCED IN MILITARY SERVICE TERMS

Madrid YA in Spanish 24 Oct 86 p 12

[Text] Madrid--A total increase in the contingent of 1,694 youths, a reduction of 8,269 in volunteers, and a rise in the quota of youths in compulsory service amounting to 9,963 are some of the comparative figures between 1986 and 1987 indicating the change in the number of youths joining military service. The information, stipulating that 238,940 youths will be drawn by lots on 16 November, was published yesterday in the Office State Bulletin.

To understand those cold figures, one must recall the existence of two Ministry of Defense plans that are currently bringing opposite effects: the reduction in youths performing military service, and the decline in age for joining the ranks. The former cannot be clearly observed until the youths have started taking their "mili" a year younger; which is now necessitating an increase in the numbers of the contingent and in the quota surpluses, but this will be reduced considerably within 2 years.

The surpluses (youths freed from performing service) will increase more than 10 percent over last year. The designation of the 80,000 fortunate ones will be made on 16 November, during the drawing of lots for the contingents.

Unlike last year, in 1987 all youths residing in the Canaries, the Balearics, Ceuta, and Melilla will take military service in their own region. Serra remarked on several occasions during the last legislature that there would be no privileges for any youth when it is time for assignment. Now, other unexplained criteria have changed the view. Regionalization has moved from 42 percent in 1986 to 60 percent in 1987.

Concurrently with the announcement regarding the contingent, on 1 October the compulsory period began for all youths born between 1 September 1968 and 31 December 1969 to enlist for military service. The deadline falls on 31 December of this year. Only if this prior step of registering in the town hall of residence has been taken may there be any requests for deferments, allegations and being declared a surplus quota. According to Ministry of Defense sources, the reform being made of military service will make it far easier to procure deferments.

The big surprise for 1987 is the decision of the defense minister, Narcis Serra, to move ahead the reforms called for in the Military Service Law. For example, the period for remaining in the Navy has become 12 months, 6 months less than what it had been. At the time, there was strong opposition from the Navy commanders, who disclosed some information showing that the cut was costing them many millions, and also that they were losing operativeness. To appease them, Serra offered them a progressive implementation of the reduction, although, ultimately, this was reversed.

With the reduction in the Navy, there is a uniformity at 12 months for the duration of the period of "mili" for all members of the military, whatever the branch of service in which they are engaged may be.

#### Slots for the Special Volunteers

The creation of the special volunteers, one of the most important reforms for the Armed Forces, materialized for the first time yesterday, in an order from the Defense Ministry. The "Official State Bulletin" called for 1,436 slots to render military service in the Navy's special volunteers, the long duration of which (between 18 months and 3 years) appears to be the Defense Ministry's compensation to this branch of service, in exchange for the reduction made to 12 months for normal military service. The convocation stipulated the special areas, such as artillery, sonar, torpedoes, electricity, and maneuvers, and the number of slots for each of them.

For next year, there has been an increase in the number of youths allowed to declare that they are conscientious objectors or to request that they perform substitute social service. In the Defense Ministry, there is gratification at having succeeded, after several years, in making the objectors cease to be a problem for the Armed Forces.

Status	Type	Duration
Availability		From 1 January of the year in which they reach age 19
Service in the ranks	Compulsory service	12 months
	Normal volunteer service	16 months
	Special volunteer service	18 months, 2 or 3 years
	Complementary service and naval reserve	From 12 to 16 months
Reserves		Until 1 January of the year in which they reach age 34. Absolute leave.

2909

CSO: 3548/19



MILITARY

SWEDEN

# ARMY STRUGGLES TO MEET 1986-87 BUDGET REQUIREMENT

Stockholm DAGENS NYHETER in Swedish 13 Oct 86 p 15

[Article: "The Army Lacks 500 Million"]

[Text] The army lacks a good 500 million to be able to fulfill its activities in 1986-87. A good 230 million kronor is a carryover from last year -- 100 million kronor more than calculated.

The head of the army, Lieutenant General Erik G. Bengtsson, has therefore initiated a temporary stop in certain activities.

This includes among other things a halt to spring refresher courses. The army staff does not know yet how many this will affect.

Also stopped are orders for new material, for example for the new acquisition and renting of civilian trucks and the new building that has been begun by the fortification section.

Maintenance and repair must be undertaken with great restraint.

"The measures are temporary. The stoppage will be lifted in the middle of November, when we will have worked out a proposal for compensations," Major Kim Akerman, the press spokesman for the army staff, said.

"We must have time to decide what the correct and important measures are to limit expenses."

## More Conscripts

The reason for the large deficit is primarily a lack of price compensation -- this alone amounts to 300 million kronor.

Another cause is that there are 1,500 more conscripts this year than last.

The army is now demanding that the supreme commander provide the money for the fulfillment of activities and of regular duties.

The army is also asking that the 1987 defense budget include an additional 100-150 million kronor for training.

"A number of commanders have kept within the economic framework, but some, as for example, Svea Livgarde in Kungsängen, have exceeded it. We must help them to manage their economic calculations," Akerman said.

#### Lack of Officers

Certain material systems must be examined, among others, Telesystem 8,000 -- a large item of expenditure.

"But we have not yet decided which material system we will have," Akerman said.

As if the budget deficit were not enough, the army lacks 1,000 officers.

"The officers are streaming out of the defense forces to the private sector at a rate we cannot deal with," Akerman said. "We have made a series of proposals to the defense minister to speed up new recruiting. If the authorities do not fulfill their responsibility so that we can keep the personnel we have and recruit new personnel, the defense forces cannot develop at the rate prescribed in the defense budget. Even if we get money, we have no personnel," Akerman said.

The lack of officers is connected to the fact that the government in accordance with the defense agreement of 1982 ordered a limitation of personnel.

The army's deficit has not been discussed in the defense committee.

"I will take up the question at the committee's next meeting on Tuesday of next week," the chairman of the defense committee, Lennart Blom (Moderate) said. We had no meetings during the summer when we could take up the problem."

9124

CSO: 3650/18

MILITARY

SWEDEN

FP RIKSDAG MEMBER CRITICIZES ARMY MANAGEMENT

Stockholm DAGENS NYHETER in Swedish 24 Oct 86 p 5

[Article by Hans Lindblad, Liberal Party member of parliament and member of the defense committee: "Change the Army Leadership!"]

[Text] The fact that the army lacks a functioning leadership is an acute problem. For my part, I am greatly concerned about what was revealed when a working group of the defense committee recently made a check of supplies in an important mobilization area for one of the most sensitive points near Stockholm. Not one weapon was found available. A company commander -- who at first had difficulty finding his section in the warehouse -- thought that he had at least four grenade launchers. But they were only the containers.

The army cannot be all right if one lets numbers go before quality in every situation. One has kept the same twisted way of thinking that existed among the conservative general staff of the 1920s. One does not seem to understand technical developments. The military organization must be reduced if it is to be possible to correct the materiel and training gaps in the Swedish land forces.

Recently, the defense efficiency institute has shown how a system could be made to discover principles for the army's war organization, training, and peace organization. The army itself lacks proposals and has in this way put the supreme commander in an awkward position.

The supreme commander admits in his program plan that there are large gaps in defense training, primarily in the army. Here it is remarkable that all he proposes is a new training system (including longer basic training) for the coast artillery and the fleet! It is certainly good to train, for example, the coast artillery's regular forces longer, but it is reasonable to assume that the need for coordinated maneuvers in these units is less than among the brigades of the army. The tank units do not maneuver together even within the battalion.

In the defense line organization it is not expedient to say what has gone wrong. But some officers are now willing to tell the truth in a semi-official connection. In introductory speeches at the war academy last year three or four generals and colonels have described problems in more detail than we have been

accustomed to. This is very good, for only when the problem is recognized can it be solved.

The problems have affected both military personnel and materiel. But Major General Jorn Beckmann, chief of staff at Milo Island, shows that the army staff is leading training activities badly with many inconsistencies and bad signals. According to Beckmann, even recent members of the army staff need the courage to speak out clearly. Such a man is honorable in an organization in which the rules otherwise are to repeat the commander's explanations.

Today the accounts show that the army has lost control of the budget. Now almost 600 million is lacking for this year's budget, and panic measures are being taken. What did one think a few weeks ago? Zero, one hundred, or five hundred million?

There are regiments that have overdrawn their budgets by 20 million. The impression is that on the lower level one more or less ignores budgets. Is this a long time economic demoralization, which means that one does not think it makes much difference whether one holds to a budget or not?

One of the reasons for the budget overrun is probably that in the army there is no budget dialogue between the defense branch staffs and the local units. This is done, however, in the navy and the air force, where one also very correctly has a better economic leadership of operations. Instead there is for the army an intermediate authority so that the middle staffs can use all the army's money for training and peace activities. The middle levels are well-suited to take away responsibility with the possibility of putting the blame for the misfortune both upward and downward.

For my part, I have long thought that the military commanders should be freed of the responsibility for the army's budget. A military commander must demand the military unit he will primarily use (which is something different from the units that in time of peace happen to be trained in the respective areas). He must check their readiness and give the alarm when something goes wrong. But it is wrong to have him as a bureaucratic intermediate authority for base administration, mess personnel, firing range, and everything else that lies within the unit's budget.

Sweden has six military commanders. Their mission must be to lead operations in war and to prepare defense and maintain readiness in time of peace. It is not reasonable to place responsibility on these same six people for the army's budget -- a mission that we have now seen they do not fulfill.

Earlier it was clear that military commanders and their staffs in many cases devoted themselves much too much to financial and peacetime problems. This has had destructive consequences, for example on military medicine, which has gone completely over to peacetime goals.

Submarine intrusions, confused threatening images in the air, and the increased emphasis of the politicians that defense had to receive larger capacity to meet

surprise attacks has contributed to the fact that military commanders now concentrate more on operations. This is good, but at the same time it is quite clear that they function worse as intermediate authorities for the army's budget.

The army always says that it is impossible to lead without an administrative middle level. But reality shows clearly that the present organization does not work. In civilian life -- both in the private and the public sector -- there are many operations in which one manages to follow the budget in spite of the fact that one has more local activities than the army has. The most natural way to follow up the budgets of 50 army authorities would be to demand responsibility from the commanders.

This organizational question is in the meantime just one part of the problem that basically consists of producing a reliable development of the army in relation to the threat we can see in the future. Considerable rethinking is necessary. The attitudes that up to now have been closed on the size of the defense organization, on the system of compulsory military service, and on many other things must be reconsidered.

This should be able to lead to the creation of a new spirit and belief in the future that the present army leadership clearly cannot instill in the personnel. And with this it should also be easier to recruit and hold efficient officers.

Probably one will not obtain such a reconsideration simply by changing some high officers in the army's leadership. A large part of the inertia comes probably from the fact that the army's leadership system is organized in a way that seems to make planning and decision-making more difficult.

The army leadership has not been able to solve the problem. Therefore public investigatory agencies and the department and defense staffs take on the main responsibility for giving the army a new direction and a modern system of leadership and training.

9124

CSO: 3650/18

MILITARY

TURKEY

#### TRAINING AIRSPACE NEGOTIATIONS WITH FRG

Istanbul CUMHURIYET in Turkish 11 Sep 86 p 10

[Text] Ankara--The continuing talks between Turkish and West German military authorities on low-altitude--down to 75 to 100 meters above ground--training flights by warplanes of the FRG Air Force in Konya and its environs have developed "hitches" with regard to the extent of the airspace to be used. While the West German Defense Ministry insists on a broader airspace for the flights, the Turkish side wants to have a more restricted airspace.

The Bonn government, which at first reduced the number of flight hours to minimize the noise generated by the low-altitude training flights, now wants to move training flights outside of Germany. To this end, the FRG is conducting separate talks with Turkey and Canada.

After talks began on this issue between Turkish and West German military authorities last year, the FRG Defense Ministry sent a military delegation to Turkey last May to survey the Konya training center proposed by the Turkish government. In the report prepared after this survey, the West German delegation expressed approval for the selection of the Konya site for the training of West German pilots. The FRG Defense Ministry endorsed the report which has now been submitted to the FRG government.

The main stumbling block in the talks between the Turkish and West German military delegations is reportedly related to the scope of the air space to be used by the West German training flights. While the West German delegation has insisted on a broad air space extending from Central Anatolia to the southern region, the Turkish side wishes to have a more restricted area. Another stumbling block has emerged with regard to the air traffic procedures to be used in training flights. Air traffic procedures will need to be changed to accomodate the regular training missions to be flown by the German airplanes.

According to the information obtained, it is also unclear under what umbrella the project will be implemented. One option under consideration is to implement the project directly under NATO auspices. However, it is reported that Turkey and the FRG may move to a bilateral arrangement because of fears that getting the project approved by NATO may take time and may develop additional hurdles.



The FRG Defense Ministry is studying two options with regard to the scale of the project. One of these involves the permanent basing of 100 Tornado planes in the Konya training center and running regular training programs at this center. The other option involves maintaining a fleet of 50 Tornado planes in Konya and rotating them continuously.

If the project is implemented, the Konya training center will undergo a major modernization effort. For this purpose it will be necessary to build new hangars and lodging facilities for the pilots and to set up modern communications systems. The FRG Defense Ministry is estimating that the project will cost between DM1.5 billion and DM2 billion.

9588

CS0: 3554/33

MILITARY

TURKEY

F-16 NEWS BANNED--It is reported that the Office of the General Staff has banned the release of information to the press about the F-16 planes that are planned to be produced jointly in Turkey. General Dynamics officials in Turkey, whom the ANKA correspondent queried about the F-16 project and the allegations published in the U.S. press with regard to these planes, said: "We asked the Office of the General Staff to brief the press on this issue, but we could not get permission to do so. We cannot make any announcements without their permission." It was reported in the U.S. press that the U.S. Air Force has banned all F-16 flights until a mechanical malfunction occurring in some of the planes' General Electric-built engines is diagnosed. The plane that developed the malfunction was powered by an F-110 engine made by the General Electric Corporation. [Text] [Istanbul DUNYA in Turkish 11 Sep 86 p 9] 9588

CSO: 3554/33

ENERGY

TURKEY

BRIEFS

OIL DISCOVERY IN ISKENDERUN GULF CLAIMED--It was claimed that U.S. firms found oil in the Gulf of Iskenderun in the course of their exploration work but chose not to mine it because of pricing policies. Stating that the strongest evidence of the presence of oil in the Gulf of Iskenderun is the discovery of pressurized saline water and gas at a depth of 5,000 meters, Professor Sungu Gokcen, a geological engineer, said: "In oil-bearing regions, oil remains sandwiched between saline water at the bottom and gas at the top. Exploratory drills in the Gulf of Iskenderun revealed the presence of saline water and gas. But the well was plugged with cement later on. There were two reasons for that action. Firstly, although oil was found, at that time oil prices had declined precipitously. Secondly, reserves were found in the Gulf after drilling only a few test wells. The U.S. firm can mine oil from the Gulf of Iskenderun any time it wishes." [Text] [Istanbul MILLIYET in Turkish 10 Sep 86 p 3] 9538

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